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CIVIL SERVICE RETIREMENT

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HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE UNITED STATES SENATE EIGHTY-FOURTH CONGRESS

SECOND SESSION

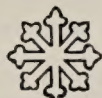
ON

S. 2875

A BILL TO REVISE THE CIVIL SERVICE RETIREMENT
ACT OF MAY 29, 1930, AS AMENDED

FEBRUARY 1, 8, 9, AND MARCH 14, 1956

Printed for the use of the Committee on Post Office and Civil Service



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CIVIL SERVICE RETIREMENT

WEDNESDAY, FEBRUARY 1, 1956

UNITED STATES SENATE,
COMMITTEE ON THE POST OFFICE AND CIVIL SERVICE,
CIVIL SERVICE SUBCOMMITTEE,
Washington, D. C.

Met, pursuant to notice, at 10 a. m., Hon W. Kerr Scott (chairman of the subcommittee) presiding.

Present: Senators Scott (presiding), Langer and Case.

Staff members present: H. W. Brawley, executive director, and J. Don Kerlin, assistant staff director.

Senator Scott. The meeting will please come to order.

We are opening the hearings this morning on S. 2875, a bill introduced on January 9, by Senator Olin D. Johnston, to revise the Civil Service Retirement Act.

The civil service retirement and disability program was established in 1920 to furnish retirement, death, and disability benefits to employees of the Federal Government. Since that time the act has been amended many times until today it is one of the most complex measures on the statute books. The present law is difficult to administer, numerous inequities have developed and grown over the years, and full understanding of the law escapes all except the few who work with it on a full-time basis.

In recognition of these facts, the 82d Congress enacted Public Law 555—approved July 16, 1952—authorizing the establishment in the Executive Branch of a Committee on Retirement Policy for Federal Personnel to conduct an exhaustive study of this matter that is of such grave importance to well over 2 million Federal employees, and report thereon to the Congress. The report of that committee was submitted during the first session of the 84th Congress. Since that time the report and a multitude of related material has been the subject of long and careful study.

Senator Johnston has introduced S. 2875 to accomplish a complete overhaul of the Civil Service Retirement Act. The bill will:

1. Provide a more favorable factor for the computation of retirement benefits for employees generally.
2. Permit optional retirement after 30 years of service regardless of age.
3. Reduce the penalty—or reduction—in annuities in the case of employees who are under the age of 60 at the time of retirement.
4. Extend and increase survivorship benefits to more closely parallel those that accrue to employees of private industry under the social-security program, and, finally,
5. Remove numerous inequities now existing in a number of areas.

I ask that the bill, together with a complete analyses that has been prepared by the staff, be inserted in the hearing record at this point. (The above-mentioned documents are as follows:)

[S. 2875, 84th Cong., 2d sess.]

A BILL To revise the Civil Service Retirement Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:

"DEFINITIONS

"SEC. 1. Wherever used in this Act—

"(a) The term 'employee' shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this Act applies.

"(b) The term 'Member' shall mean a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico, and, except for purposes of section 2, shall mean a Member to whom this Act applies.

"(c) The term 'congressional employee' means an employee of the Senate or House of Representatives or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, the Architect of the Capitol and the employees of the Architect of the Capitol, a member of the Capitol Police force, an employee of the Vice President if such employee's compensation is disbursed by the Secretary of the Senate, and an employee of a Member if such employee's compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.

"(d) The term 'basic salary' shall not include bonuses, allowances, overtime pay, military pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term 'basic salary' shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made thereon as provided in section 4.

"(e) The term 'average salary' shall mean the largest annual rate resulting from averaging, over any period of five consecutive years of creditable service, an employee's rates of basic salary in effect during such period, with each rate weighted by the time it was in effect: *Provided*, That the period for a Member shall be his Member service from and after August 3, 1946.

"(f) The term 'fund' shall mean the civil service retirement and disability fund created by the Act of May 22, 1920.

"(g) The terms 'disabled' and 'disability' shall mean totally disabled for useful and efficient service in the grade or class of position last occupied by the employee or Member by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the five years prior to becoming so disabled.

"(h) The term 'widow', for purposes of section 10, shall mean the surviving wife of an employee or Member who was married to such individual for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(i) The term 'widower', for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least two years immediately preceding her death or is the father of issue by such marriage. The term 'dependent widower', for purposes of section 10, shall mean a 'widower' who is incapable of self-support by reason of mental or physical disability, and who received more than one-half his support from such employee or Member.

“(j) The term ‘child’, for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half of his support from and lived with the Member of employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability is incapable of self-support.

“(k) The term ‘Government’ shall mean the executive, judicial, and legislative branches of the United States Government, including Government-owned or controlled corporations and Gallaudet College, and the municipal government of the District of Columbia.

“(l) The term ‘lump-sum credit’ shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to date of separation or transfer or December 31, 1956, whichever is earlier, in case of an employee or Member who is separated with title to a deferred annuity and does not claim the lump-sum credit, to the commencing date fixed for such deferred annuity or date of death or December 31, 1956, whichever is earlier. The lump-sum credit shall not include interest if the service covered thereby aggregates one year or less, nor shall it include interest for the fractional part of a month in the total service.

“(m) The term ‘Commission’ shall mean the United States Civil Service Commission.

“(n) The term ‘annuitant’ shall mean any former employee or Member who, on the basis of his service, has met all requirements of the Act for title to annuity and has filed claim therefor.

“(o) The term ‘survivor’ shall mean a person who is entitled to annuity under this Act based on the service of a deceased employee or Member or of a deceased annuitant.

“(p) The term ‘survivor annuitant’ shall mean a survivor who has filed claim for annuity.

“(q) The term ‘service’ shall mean employment which is creditable under section 3.

“(r) The term ‘military service’ shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States.

“(s) The term ‘Member service’ shall mean service as a Member of Congress and shall include the period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as Member.

“COVERAGE

“SEC. 2. (a) This Act shall apply to each employee and Member, except as hereinafter provided.

“(b) This Act shall not apply to any elective officer in the executive branch of the United States Government, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.

“(c) This Act shall not apply to any Member or to any congressional employee until he gives notice in writing, within six months after the date of entrance to the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.

“(d) This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing, within six months after the date of entrance to the service, to the officers by whom his salary is paid, of his desire to come within the purview of this Act.

“(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent, except that no employee shall be excluded under this subsection after he shall have had more than six months’ continuous service.

“(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title

28 of the United States Code, of the Office of the Architect of the Capitol, or of the Library of Congress.

"(g) Nothing in this section shall operate to deny coverage under this Act to any person who was subject to this Act on December 31, 1956.

"CREDITABLE SERVICE

"SEC. 3. (a) An employee's services for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

"(b) An employee shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee is awarded retired pay on account of military service, the period of service upon which such retired pay is based shall not be included, unless such retired pay is awarded on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war or is awarded under title III of Public Law 810, Eightieth Congress. A Member shall be allowed credit for periods of military service, not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member. A Member may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

"(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

"(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act: *Provided*, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

"(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

"(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

"(g) An employee or Member must have, within the two-year period preceding any separation from service, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

"(h) An employee who (1) has at least six years' Member service and (2) has served as Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

"(i) Subject to the conditions contained in this subsection, any employee who is serving in a position within the purview of this Act at the time of his retirement or death, shall be allowed credit for all periods of service performed by him as a project employee (other than an employee appointed from relief rolls) of a Federal relief agency, or in the employ of a State, or any instrumentality thereof, exclusively in the carrying out of programs authorized by Act of Congress and financed in whole or in part by Federal funds, but only if—

"(1) the performance of such service is certified, in a form prescribed by the Civil Service Commission, by the head, or by a person designated by the

head, of the department, agency, or independent establishment in the executive branch of the Government of the United States which administers the provisions of law authorizing the performance of such service, or is otherwise established to the satisfaction of the Commission;

"(2) the employee shall have to his credit a total period of not less than five years of allowable service under this Act, exclusive of service allowed by this subsection;

"(3) the employee shall have deposited with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to the credit of the civil-service retirement and disability fund a sum equal to the aggregate of the amounts which would have been deducted from his basic salary, pay, or compensation during the period of service claimed under this subsection if during such period he had been subject to this Act;

"(4) such period of service is excluded from credit for the purposes of any annuity received by such employee from a State.

As used in this subsection the term "State" includes Alaska, Hawaii, and Puerto Rico.

"DEDUCTIONS AND DEPOSITS

"SEC. 4. (a) There shall be deducted from each employee's and Member's basic salary an amount equal to 6 per centum of such basic salary. The amounts so deducted shall, under procedure prescribed by the Comptroller General of the United States, be deposited in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section.

"(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

	Percentage of basic salary	Service Period
Employee-----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	After June 30, 1948
Member for Mem-ber service.	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	After August 1, 1946

"(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this Act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

"(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded annually. Such deposit may be made in one or more installments.

"(f) Under such regulations as may be prescribed by the Commission, amounts deducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

"(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

"MANDATORY SEPARATION

"SEC. 5. (a) Except as hereinafter provided, an employee shall be automatically separated from the service on the last day of the month in which he attains the age of seventy years, and all salary shall cease from that date.

"(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least sixty days in advance thereof: *Provided*, That subsection (a) shall not take effect without the consent of the employee until sixty days after he has been so notified.

"(c) The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.

"(d) The automatic separation provisions of this section shall not apply to any person named in any Act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, or to any employee in the judicial branch within the classes made subject to the Civil Service Retirement Act of May 29, 1930, as amended, by the Act of July 13, 1937.

"IMMEDIATE RETIREMENT

"SEC. 6. (a) Any employee who attains the age of sixty years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(b) Any employee who completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.

"(c) Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of fifty years and completes twenty years of service in the performance of such duties may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retire from the service, and be paid an annuity computed as provided in section 9. The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee. The word 'detention' as used in this subsection shall be construed to include the duties of all officers and employees in the field service of the Bureau of Prisons, Federal Prison Industries, Incorporated, and officers and employees of the Public Health Service assigned to such field service, and all other officers and employees of the Bureau of Prisons and Federal Prison Industries, Incorporated, whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States, or the District of Columbia, or against the punitive articles of the Uniform Code of Military Justice, involve direct contact with such persons in their direction, supervision, inspection, training, or employment.

"(d) Any employee who completes twenty-five years of service or who attains the age of fifty years and completes twenty years of service shall upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

"(e) Any employee who attains the age of sixty-two years and completes five years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(f) Any Member who attains the age of sixty-two years and completes six years of Member service, or who attains the age of sixty years and completes ten years of Member service, shall, upon separation from the service be paid an annuity computed as provided in section 9. No Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of Member service.

"DISABILITY RETIREMENT

"SEC. 7. (a) Any employee who completes five years of civilian service, and who is found by the Commission to have become disabled shall, upon his own application or upon application by his department or agency, be retired on an

annuity computed as provided in section 9. Any Member who completes five years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

"(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to the separation of the employee or Member from the service or within one year thereafter. This time limitation may be waived by the Commission for an individual who at the date of separation from service or within one year thereafter is mentally incompetent, if the application is filed with the Commission within one year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

"(c) Each annuitant retired under this section or under section 6 of the Act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(d) If such annuitant, before reaching age sixty, recovers from his disability or is restored to an earning capacity fairly comparable to that in the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) one year from the date of the medical examination showing such recovery, or (3) one year from the date of determination that he is so restored, whichever is earliest. Earning capacity shall be deemed restored if in each of two succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 per centum of his salary immediately prior to retirement.

"(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this Act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this Act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provision of this Act.

"(f) No person shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision in such Act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this Act on account of service rendered by him, or deny any concurrent benefit to such person under such Act of September 7, 1916, as amended, on account of the death of any other person.

"(g) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

"DEFERRED RETIREMENT

"SEC. 8. (a) Any employee who is separated from the service after completing five years of civilian service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

"(b) Any Member who is separated from the service after completing six years of Member service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

"COMPUTATION OF ANNUITY

"SEC. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring under this Act shall be the larger of (1) 2 per centum of the average salary multiplied by the total service, or (2) 1 per centum of the average salary, plus \$25, multiplied by the total service: *Provided*, That the annuity shall not exceed 75 per centum of the average salary: *Provided further*, That the annuity of an employee retiring under section 7 shall be at least (1) 40 per centum of the average salary of (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of seventy years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

(b) The annuity of a congressional employee retiring under this Act shall, if he so elects at the time his annuity commences, be (1) $2\frac{1}{2}$ per centum of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of fifteen years, plus (2) 2 per centum of the average salary multiplied by the remainder of his total service: *Provided*, That the annuity shall not exceed 75 per centum of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least five years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit covering his last five years of civilian service, and (3) has served as a congressional employee during the last eleven months of his civilian service: *Provided further*, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of seventy years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(c) The annuity of a Member retiring under this Act shall be an amount equal to—

"(1) $2\frac{1}{2}$ per centum of the average salary multiplied by the total of his Member and creditable military service;

"(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude; and

"(3) 2 per centum of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1) and (2), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 75 per centum of the average salary, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of seventy years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(d) The annuity as hereinbefore provided for an employee retiring under section 6 (b) or 6 (d) shall be reduced by one-twelfth of 1 per centum for each full month not in excess of thirty, one-eighth of 1 per centum for each full month in excess of thirty but not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee is under the age of sixty years at date of separation.

"(e) The annuity as hereinbefore provided shall be reduced by 10 per centum of any deposit described in section 4 (c) remaining unpaid.

"(f) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or her husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (2). The annuity of the employee or Member making such election shall be reduced by 10 per centum of so much thereof as exceeds \$4,000.

"(g) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of retirement

elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 per centum of an annuity computed as provided in section 9 and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retired employee or Member, but such total reduction shall not exceed 40 per centum.

"(h) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Commission or the Alaska Railroad in the Territory of Alaska between March 12, 1914, and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

"SURVIVOR ANNUITIES

"SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a widow or widower, such widow or widower shall be paid an annuity equal to (1) 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9, as may apply with respect to the annuitant, as does not exceed \$4,000.

"(2) If a Member or employee dies after having retired under any provision of this Act and is survived by a widow or widower designated under section 9 (f) such widow or widower shall be paid an annuity (in addition to any annuity payable under paragraph (1)) equal to 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9, as may apply with respect to the annuitant, as exceed \$4,000.

"(3) An annuity computed under this subsection shall begin on the first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

"(b) The annuity of a survivor designated under section 9 (g) shall be 50 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), and (g) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death.

"(c) If an employee dies after completing at least five years of civilian service, or a Member dies after completing at least five years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 per centum of an annuity computed as provided in subsections (a), (b), (c), and (e) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or annuitant dies, and such annuity or any right thereto shall terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

"(d) If an employee dies after completing five years of civilian service or a Member dies after completing five years of Member service, or an employee or Member dies after having retired under any provision of the Act, and is survived by a widow or dependent widower, each surviving child shall be paid an annuity equal to the smallest of (1) 25 per centum of an annuity computed as provided in subsections (a), (b), (c), and (e) of section 9 as may apply with respect to the employee or Member, (2) \$1,200 divided by the number of such children, or (3) \$480. If such employee or Member is not survived by a widow or dependent widower, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of an annuity computed as provided in subsections (a), (b), (c), and (e) of section 9 as may apply with respect to the employee or Member, (2) \$1,600 divided by the number of such children, or (3) \$640. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death. Upon the death of the widow or dependent widower or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such widow, dependent widower, or child had not survived the employee or Member.

"LUMP-SUM BENEFITS

"SEC. 11. (a) Any employee who is separated or transferred to a position not within the purview of this Act after he has completed five but less than twenty years of service, and any Member who is separated or transferred to a position not within the purview of this Act after he has completed six but less than twenty years of Member service, shall upon application therefor be paid the lump-sum credit. Any employee who is separated or transferred to a position not within the purview of this Act before he has completed five years' service, and any Member who is separated or transferred to a position not within the purview of this Act before he has completed six years of Member service, shall be paid the lump-sum credit. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act.

"(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

"(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death;

"Second, if there be no such beneficiary, to the widow or widower of the employee or Member;

"Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation;

"Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member.

"Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commissioner to be entitled under the laws of the domicile of the individual at the time of his death.

"(d) If a present or former employee or Member not retired dies, (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, the lump-sum credit shall be paid.

"(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

"(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

"(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

"ADDITIONAL ANNUITIES

"SEC. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 per centum of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unrefunded contributions, plus interest at 3 per centum per annum compounded annually to date of separation or transfer to a position not within the purview of this Act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death whichever is earlier.

"(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of fifty-five years at the date of retirement.

"(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50 per centum of his reduced additional annuity. The additional annuity of the employee or Member making such election shall be reduced by 10 per centum, and by 5 per centum for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

"(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this Act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the commencing date of annuity.

"(e) If any present or former employee or Member not retired dies, the voluntary contribution account shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the difference shall be paid under the provisions of section 11 (c).

"REEMPLOYMENT OF ANNUITANTS

"SEC. 13. (a) Notwithstanding any other provision of law, an annuitant under this Act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

"(b) If an annuitant under this Act other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this Act, is employed in an appointive or elective position subject to this Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund shall be withheld from his salary. If such annuitant performs actual full-time service for a period of at least one year, his right to future annuity shall be determined upon the basis of the law in effect at the time of termination of such period of employment and service performed during such period shall be credited for such purpose. If such annuitant does not perform actual full-time service for a period of at least one year, his annuity payments shall be resumed in the same amount and amounts deducted from his salary during such period of employment shall be returned upon the expiration of such period.

"(c) If a Member retired under this Act is employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: *Provided*, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his service as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity.

"PAYMENT OF BENEFITS

"SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

"(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age of disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence on the day following the day on which salary shall cease provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an employee or

Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

"(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this Act occurs.

"(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect.

"(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who in the judgment of the Commission is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person.

"EXEMPTION FROM LEGAL PROCESSES

"SEC. 15. (a) None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

"(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this Act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there be any withholding of recovery of any moneys mentioned in this Act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

"ADMINISTRATION

"SEC. 16. (a) This Act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect.

"(b) Applications under this Act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this Act.

"(c) Questions of dependency and disability arising under this Act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this Act, and may suspend or deny any such annuity for failure to submit to any such examination.

"(d) An appeal to the Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be prescribed by the Commission.

"(e) Fees for examinations made under the provisions of this Act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this Act.

"(f) The Commission shall publish an annual report upon the operations of this Act.

"(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters referred to it by the Commission, and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judg-

ment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of five years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such members as are in the employ of the United States, shall be fixed by the Commission.

"SHORT TITLE

"SEC. 17. This Act may be cited as the 'Civil Service Retirement Act'."

SEC. 2. (a) On and after the effective date of this Act persons employed as members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School shall be included within the terms of the Civil Service Retirement Act, and on and after that date the Act of January 16, 1936 (49 Stat. 1092), as amended, shall not apply to such persons.

(b) In lieu of the deposit prescribed by section 4 (c) of the Civil Service Retirement Act, an employee who by virtue of subsection (a) is included within the terms of such Act shall deposit, for service rendered prior to the effective date of this Act as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School, a sum equal to so much of the repurchase price of his annuity policy carried as required by the Act of January 16, 1936, as amended, as is based on the monthly allotments which were registered with the Navy Allotment Office toward the purchase of that annuity, the deposit to be made within six months after the effective date of this Act. Should the deposit not be made within that period no credit shall be allowed under the Civil Service Retirement Act for service rendered as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School subsequent to July 31, 1920, and prior to the effective date of this Act.

SEC. 3. The amendment approved September 30, 1949 (Public Law 310, Eighty-first Congress), to section 4 (b) of the Civil Service Retirement Act of May 29, 1930, as amended, insofar as it relates to the amount of the reduction in the annuities of officers and employees who elect to receive reduced annuities under such section, shall take effect as of April 1, 1948, but no increase in annuity shall be payable by reason of such amendment, to those who retired on or after April 1, 1948, and prior to October 1, 1949, for any period prior to the first day of the first month which begins after the effective date of this Act.

CONTINUATION OF PRIOR RIGHTS

SEC. 4. Except as otherwise provided, the amendments made by this Act shall not apply in the case of employees or Members retired or otherwise separated prior to its effective date; and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this Act had not been enacted.

EFFECTIVE DATE

SEC. 5. This Act shall take effect on January 1, 1957.

SHORT TITLE

SEC. 6. This Act may be cited as the "Civil Service Retirement Act Amendments of 1956."

ANALYSIS OF S. 2875, A BILL TO REVISE THE CIVIL SERVICE RETIREMENT ACT OF MAY 29, 1930, AS AMENDED

Section 1 of S. 2875 amends the Civil Service Retirement Act in its entirety. The basic changes made in existing law by S. 2875 are as follows:

SECTION 1. DEFINITIONS

Various terms used throughout the existing law are accompanied either by definitions or by reference to a section which defines the terms. In other instances, regulations, precedent and administrative rulings are relied upon for the meaning of the terms used.

Section 1 defines terms used throughout the Act. Only three present meanings of terms are changed as follows:

Section 1 (c)

1. "Congressional employee" under present law does not include the Architect of the Capitol and employees of the Architect. S. 2875 includes such employees in the definition of "Congressional employee," thus extending to the Architect of the Capitol and his employees the same retirement benefits that accrue to other groups of legislative employees

Section 1 (d)

2. "Basic salary" is defined under present law to permit the use of military pay in the computation of retirement benefits. S. 2875 would bar the use of military pay for this purpose. This change is proposed because it is deemed inappropriate to permit the rate of annuity upon retirement from a civilian position to be based upon pay from a source other than civilian employment.

(NOTE.—This change in no way relates to or changes the present law and practice of crediting military service for retirement purposes.)

Section 1 (l)

3. Under present law, lump-sum payments include retirement deductions, sums deposited by an employee or Member and interest on such deductions and deposits to the date of separation or to the date of entitlement to a deferred annuity or date of death, whichever is earlier except that no interest accrues if the service covered thereby aggregates 1 year or less. S. 2875 defines "lump-sum credit" to end the practice of crediting interest after December 31, 1956, on the theory that to provide the protection afforded by the act and at the same time allow interest on deposits made for the purpose of obtaining protection amounts to dual benefits unwarranted by the circumstances.

SECTION 2. COVERAGE

Section 2 (b)

Judges of the United States are not now specifically excluded from the act. In March 1950, the Judicial Conference stated the opinion that these judges are not subject to the act which is contrary to the view of the Commission. The Senate bill clarifies the matter by specifically excluding these judges as desired by the Judicial Conference.

Section 2 (f)

Under present law the President has authority to exclude executive branch employees whose tenure is intermittent or of uncertain duration. This authority has been delegated to the Civil Service Commission by Executive Order 10530. S. 2875 confers this authority directly upon the Civil Service Commission subject to the restriction that no employee shall be excluded from coverage who has had more than 6 months' continuous service.

Section 2 (h)

The bill contains a provision to safeguard the coverage of persons who were subject to the Civil Service Retirement Act prior to December 31, 1956.

SECTION 3. CREDITABLE SERVICE

Section 3 (a)

At the present time, all periods of separation from the service are excluded from credit for retirement purposes. S. 2875 would exclude only those periods of separation which exceed 3 days. Most of the breaks in service of 1 or 2 days are the result of misunderstanding or clerical error where a transfer takes place over a weekend. This change is made primarily to improve and simplify the administration of the act.

Section 3 (d)

Under existing law, an employee who leaves his position during time of war or national emergency to enter the military service is not considered as being separated from his civilian position for purposes of the Retirement Act by reason of such service in the Armed Forces until termination of military service or until he applies for and receives a refund of his contributions to the retirement fund whichever first occurs.

Many individuals who left civilian employment early in World War II, or even during the emergency period which began in September 1939, are still in

the military service—with resultant furlough status from their civilian jobs in accordance with the provisions of the Retirement Act. This means that they can, without returning to civilian employment, continue to accrue civilian retirement time credit and status with title to annuity arising whenever age or disability and service requirements are met.

The entire furlough period is creditable as civilian service for retirement purposes if the individual (1) is not granted military retired pay or (2) is granted retired pay under title III of Public Law 810, 80th Congress, or because of a disability incurred in combat or resulting from an explosion of an instrument of war. Accordingly, the retired pay award under (2) has the effect of giving the employee retirement credit under two systems for the same military career period.

An employee entering military service after June 24, 1948, has restoration rights in his civilian job only if he serves the military not more than 4 years and makes prompt application for restoration, but this application period is extended if he is hospitalized for not more than 1 year after discharge. Thus the 5 years would cover the longest period possible after entering military service for restoration purposes.

The proposed change will affect only those individuals who stay in military service more than 5 years and do not return to civilian employment. The employee who does return to civilian service will receive credit for the military service, unless it forms the basis for a type of retired pay which bars the credit, but in the latter case the time could not be counted even though he was carried on furlough. The termination of furlough after 5 years will prevent the individual from thereafter retiring under the disability provision or from accruing automatic credit for retirement under the Civil Service Retirement Act.

S. 2875 proposes to consider an employee as having been separated from a civilian position when he applies for and receives a refund or at the expiration of 5 years, whichever occurs earlier if he does not return to civilian service. An employee whose 5-year period has already elapsed would be considered as having been separated from his position on December 31, 1956. This change will in no way affect the crediting of military service in the case of persons who, subsequent to their military service, return to and serve in a civilian position covered by the act for a period of at least 1 year.

Section 3 (g)

A deviation is warranted in the pattern of this analysis in which only changes in existing law are discussed to point out that the bill continues in effect the provision requiring at least 1 year of creditable civilian service subject to the act within the 2-year period preceding separation before retiring individual or his survivors are eligible for annuity based on that separation. Failure to meet this requirement does not deprive the individual or his survivors of any existing rights based upon a previous separation.

Section 3 (i)

The bill allows credit for periods of service performed in the employ of Federal agencies in carrying out relief programs (other than employees from relief rolls) or of a State or instrumentality thereof in carrying out federally authorized and financed programs in the case of an employee who subsequently becomes subject to the act. Such service would be allowable only if the employee has to his credit at least 5 years of other allowable service and shall have made a deposit therefor in the amount which would have been deducted had he been subject to the act. Also such service would be allowable only if excluded from credit for purposes of a State annuity.

The inclusion of this provision accomplishes the purpose of S. 1041, vetoed by the President on August 17, 1955.

SECTION 4. DEDUCTIONS AND DEPOSITS

Section 4 (d)

Under present law when an employee in a position subject to another retirement system transfers to a position subject to the Civil Service Retirement Act, he receives credit for time in the first position whether or not he makes an appropriate deposit to the retirement fund for such period of time.

The bill would require each Member or employee who had received a refund of retirement deductions under another retirement system to redeposit such refund with interest before any credit would be allowed under the Retirement

Act for service covered by the refund. Adoption of this provision will prevent employees from receiving "windfalls" under certain conditions.

Section 4 (e)

Under existing law no interest is required covering periods of separation from the service in the case of deposits made by employees to cover periods for which no deductions were made or for which a refund was received. The bill provides that interest must be paid for periods of separation from the service as well as for periods of service. Interest would thus be charged for all periods during which the employee enjoyed the use of the money. The retirement fund would be earning interest on the money if it had been deposited into the fund.

SECTION 5. MANDATORY SEPARATION

Section 5 (a)

Under existing law an employee must be separated from the service on the last day of the month in which he attains the age of 70 years or completes 15 years of service if then beyond such age. The bill eliminates the 15-year requirement and would provide for automatic separation at age 70, regardless of length of service. At the present time, the mandatory retirement age for employees of the Alaska Railroad in the Territory of Alaska and citizen employees employed on the Isthmus of Panama by the Panama Canal or the Panama Railroad Company is 62 years with 15 years of service. The bill eliminates the special separation provisions relating to these employees so that hereafter they would be subject to the same mandatory separation provisions as other employees.

Section 5 (d)

Continues in effect the exemption of Members, Congressional employees and employees in the judicial branch from the mandatory separation provision.

SECTION 6. IMMEDIATE RETIREMENT

Section 6 (b)

Under present law a reduced annuity is paid upon separation for any reason after attaining age 55 and serving 30 years. S. 2875 would permit retirement after 30 years of service at any age. However, if the employee is under the age of 60 at the time of retirement, the annuity is on a reduced scale based on the number of months the employee is under 60 years of age at the time of retirement.

Section 6 (c)

Under existing provisions relating to the retirement of employees whose duties are primarily the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States, the Civil Service Commission is required to give full consideration to the degree of hazard to which the employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by the employee. Under the Senate bill the head of a department or agency would likewise be required to give consideration to these factors in recommending the retirement of an employee under these provisions. This change has the effect of tightening up the provisions of present law under which certain employees may retire with less than the usual number of years of service.

The bill defines the term "detention" for purposes of these provisions so as to include the duties of all officers and employees in the field service of the Bureau of Prisons (Federal Prison Industries, Inc., and officers and employees of the Public Health Service assigned to such field service and all other officers and employees of the Bureau of Prisons and Federal Prison Industries, Inc., whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States or the District of Columbia, or against the punitive articles of the Uniform Code of Military Justice, involve direct contact with such persons in their direction, supervision, inspection, training or employment. This provision carries out the purpose of S. 65 which was favorably reported by the committee and passed by the Senate on July 30, 1955, and is now pending in the House.

Section 6 (d)

Under present law a void exists with respect to employees with 20 or more years but less than 25 years service who are involuntarily separated through no fault of their own. Employees who have over 20 years of service cannot withdraw their deposits from the retirement fund and because they have less than 25 years of service, they do not have entitlement to an immediate annuity. S.

S. 2875 proposes to alleviate this situation at least with respect to employees who have reached the age in life when it is difficult, if indeed not impossible, to start another career by providing an immediate annuity on a reduced basis to employees involuntarily separated who have attained the age of 50 years and have rendered 20 years of service.

Section 6 (f)

Under present law Members may retire at age 60 with 10 years of service on an annuity which is reduced for each full month the Member is under age 62. Since reduced annuities in the case of all other persons under the act are related to age 60, the reduction in the case of Members who have attained the age of 60 has been eliminated.

SECTION 7. DISABILITY RETIREMENT

Section 7 (a)

Under present law an employee who completes 5 years of civilian service or a Member with 5 years' Member service may be retired due to disability. However, under existing law an employee cannot be retired due to disability if he is eligible for immediate retirement by reason of age and length of service. Thus, a situation exists under which departments may separate employees who become disabled before reaching retirement age but cannot separate disabled employees who have attained retirement age. S. 2875 would correct this incongruity.

Section 7 (b)

In the interest of administrative simplicity, the Senate bill makes some technical changes in regard to the filing of applications for retirement due to disability.

Section 7 (d)

Under present law the annuity of a disability annuitant who recovers before reaching age 60 is discontinued. The Senate bill provides that if the earning capacity of such an annuitant is restored to a level fairly comparable to that which he had prior to retirement, his annuity shall be discontinued even though he has not attained complete recovery from a medical viewpoint.

Section 7 (e)

Under existing law if a disability annuitant recovers and is unable to obtain employment or for any other reason does not return to service under the act, he is considered as having been separated from service as of the date of his retirement for disability and entitled only to a deferred annuity at age 62. The bill modifies this provision so that a disability annuitant who recovers or is restored to earning capacity before he attains age 60 will be considered (except for service credit) as having been involuntarily separated from the service upon termination of the disability annuity. This change would permit the granting of immediate annuity if the employee is otherwise entitled.

SECTION 8. DEFERRED RETIREMENT

Section 8 makes no changes in existing law.

SECTION 9. COMPUTATION OF ANNUITY

Section 9 (a)

Under present law the rate of annuity for employees generally is computed on the basis of $1\frac{1}{2}$ percent of average basic salary times the number of years of service, or on the basis of 1 percent plus \$25, multiplied by the number of years of service, whichever is to the disadvantage of the employee. The 1 percent plus \$25 formula is favorable to employees whose average basic salary is not in excess of \$5,000, while the $1\frac{1}{2}$ percent formula is used where the average salary is in excess of \$5,000. In either case, the total annuity of an employee, irrespective of his length of service, may not exceed 80 percent of his average basic salary.

S. 2875 raises the computation base for employees generally from $1\frac{1}{2}$ percent to 2 percent and retains the 1 percent plus \$25 formula in favor of the few very low-paid employees who might be helped thereby. The ceiling on annuities is reduced from a maximum of 80 percent to 75 percent, in order to establish a uniform ceiling throughout the bill. The bill makes no change in the computation formula for investigatory employees whose annuities are presently computed on the basis of 2 percent. It does, however, remove the current restric-

tion limiting their creditable service to 30 years and brings them under the 75 percent maximum applicable to other employees.

The present law contains no minimum for a total disability annuity. S. 2875 provides that the annuity of any employee retired due to total disability after meeting the 5-year eligibility requirement be at least (1) 40 percent of his average salary, or (2) the amount obtained after increasing his total service by the period elapsing between the date of his separation due to the disability and the date he attains the age of 70 years, whichever is the lesser. However, it is not intended that the provision shall serve to increase the benefits of the annuitant's survivors. Section 9 (b) extends these minimum disability benefits to congressional employees and section 9 (c) extends them to Members.

Section 9 (b)

The bill makes no changes in the annuity computation formula for congressional employees, except that the 1½ percent figure applicable to noncongressional service would be changed to percent in line with the change discussed under subsection (a) applicable to employees generally, and the present maximum of 80 percent of average salary is changed to 75 percent as in the case of annuities generally.

Section 9 (d)

Under existing law an employee retiring prior to attainment of age 60 is required to take a reduction of one-fourth of 1 percent in his earned annuity for each full month he is under age 60 at the date of his separation.

S. 2875 would lower the reduction formula to one-twelfth of 1 percent per month for each month up to 30, one-eighth of 1 percent for each month in excess of 30 and up to 60, one-sixth of 1 percent per month for each month in excess of 60 the employee is under the age of 60 at the time of his retirement.

Section 9 (e)

Under present law if an individual has failed to make deposit (with interest covering service when no deductions were withheld, the annuity otherwise due is reduced by one-tenth the amount of the required deposit unless he elects to eliminate the service from credit. The bill removes the option to eliminate non-deductible service.

Section 9 (f)

Under existing law an employee retiring on an immediate annuity with at least 15 years of service may elect a joint and survivorship annuity in favor of the surviving wife or husband. The bill changes the service prerequisite to a joint and survivorship election by an employee from 15 years to 5.

At the present time only an employee retiring on immediate annuity can elect a joint and survivorship annuity. The bill extends this right to employees receiving deferred annuities. It was felt that since employees entitled to deferred annuities contributed to the retirement fund at the same rate as other annuitants, and since they receive annuities computed in precisely the same manner as other annuitants, they should be entitled to provide the same protection to their survivors as other annuitants.

Under present law when an annuitant makes a joint and survivorship election he is required to take a reduction of 5 percent on the first \$1,500 of his annuity and 10 percent on all in excess thereof. S. 2875 removes the reduction on the first \$4,000 of the annuity but leaves the 10 percent penalty on any amount in excess thereof.

Section 9 (g)

Under existing law the election of a joint and survivorship annuity by an unmarried annuitant carries with it a reduction of 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee except that the reduction for the 5-year span between 25 and 30 years is 10 percent. The bill removes this inequity by making the reduction for a joint and survivorship annuity 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee with a maximum reduction of 40 percent.

SECTION 10. SURVIVOR ANNUITIES

Section 10 (a) (1)

Under existing law, upon the death of any annuitant who elected the joint and survivorship annuity the widow or widower designated at the time of the annuitant's retirement is entitled to an annuity equal to one-half of the annuitant's

earned annuity beginning on the 1st day of the month following the survivor's attainment of age 50, or on the 1st day of the month in which the annuitant's death occurs if the survivor is then 50 years of age or over, and is payable until the survivor remarries or dies.

Section 10 (a) (1) provides that when an annuitant dies, the surviving widow or widower shall be paid an automatic immediate annuity equal to 50 percent of so much of the annuitant's earned annuity as does not exceed \$4,000.

Also, under existing law, upon the death of any male annuitant who is survived by a widow and children, an automatic immediate annuity is paid to the widow—regardless of whether or not the annuitant made such an election. This automatic annuity—to widows with dependent children—terminates when the widow reaches age 50, remarries or dies, whichever occurs first. If the annuity is terminated by virtue of the widow having reached age 50, she receives no further benefits unless the annuitant elected a joint and survivorship annuity at the time of his retirement.

Extension of a limited automatic annuity to all surviving widows and widowers on an equal basis is not only an economic necessity in most instances, but it is justified by the fact that all annuitants contributed a like amount to the retirement fund. Elimination of the age restriction in regard to surviving widows is based on the grounds that the number of surviving widows who are under the age of 50 and have no dependent children and who are, therefore, not entitled to an immediate annuity under existing law is relatively small and in most such cases the deferment of an annuity until the widow reaches age 50 works an individual hardship all out of proportion to the small additional cost to the retirement fund of providing an immediate annuity. Extension of the same benefit to surviving widowers is on the ground that to do otherwise would create an inequity.

Section 10 (a) (2)

Under present law any employee eligible for an immediate annuity may at the time of his or her retirement elect a joint and survivorship annuity under which the surviving spouse is entitled to an annuity equal to one-half of the annuitant's earned annuity. In view of the fact that section 10 (a) (1) allows an automatic joint and survivorship annuity equal to 50 percent of so much of the annuitant's earned annuity as does not exceed \$4,000, the election provided in section 10 (a) (2) applies only to that portion of an annuitant's annuity in excess of \$4,000. When such an election is made, the annuitant is required to take an reduction of 10 percent on the amount of his or her annuity as may be in excess of \$4,000. As in the case of the automatic survivorship annuity provided under section 10 (a) (1), any elected annuity under section 10 (a) (2) becomes payable immediately upon the death of the annuitant without regard to the age of the surviving spouse.

Section 10 (a) (3)

The bill continues in effect the provision that both the automatic annuity and any elected annuity shall terminate upon the survivor's death or remarriage.

Section 10 (c)

Under existing law, an automatic annuity, equal to 50 percent of the employee's or Member's earned annuity, is paid to the widow of an employee, or to the widow or widower of a Member, who dies after 5 years of civilian service.

The bill continues without change the automatic annuity to widows of both employees and Members and extends similar benefits to widowers of employees but requires that in either the case of an employee or Member the surviving widower must be a "dependent widower" to be eligible for such annuity. Annuities to spouses under this provision terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

Section 10 (d)

Automatic annuities are also paid under existing law to surviving dependent children upon death of (1) an employee or Member with 5 or more years of service, (2) an employee annuitant retired under any provision except a deferred annuity, or (3) a Member retired for any reason. Except in the case of a female Member, no automatic annuity is paid to children of a female employee if a widower survives. If both an entitled spouse and child or children survive, each child is entitled to an annuity which is (1) 25 percent of the annuitant's regular earned annuity, (2) \$900 divided by the number of surviving children, or (3) \$360, whichever is least. If no entitled spouse survives, the annuity for

each child is equal to (1) 50 percent of the annuitant's earned annuity, (2) \$1,200 divided by the number of surviving children, or (3) \$480, whichever is least. A child's annuity begins on the 1st day of the month after the employee or Member (or annuitant) dies and terminates upon the child's death, marriage, or attainment of age 18 (unless the child is incapable of self-support, in which event his becoming capable of self-support terminates the benefit). Upon the death of the widow or entitled widower, or the termination of annuity to a child, the annuities of the remaining child (or children) are recomputed.

The bill provides, in addition to benefits under existing law, for the payment of children's annuities where there is a surviving widower, provided such widower was dependent upon the employee or annuitant for his support.

S. 2875 raises the ceiling on annuities to surviving children in cases where there is a surviving widow or dependent widower from \$900 divided by the number of such children or \$360, whichever is the lesser, to \$1,200 divided by the number of such children or \$480, whichever is the lesser. Where there is not a surviving widow or dependent widower, the ceiling on annuities to surviving children is raised from \$1,200 divided by the number of such children or \$480, whichever is the lesser, to \$1,600 divided by the number of such children or \$640, whichever is the lesser.

SECTION 11. LUMP-SUM BENEFITS

Section 11 (a)

Under present law, an employee who at the time of separation or transfer to a position not subject to the act has less than 5 years of service is entitled only to a lump-sum refund of his retirement deductions plus interest if the period covered by the refund exceeds 1 year. If such employee has 5 but less than 20 years of service and is not eligible for immediate retirement by reason of being at least age 62 and with at least 15 years' service, he may elect to withdraw his deductions with interest or retain entitlement to a deferred annuity payable upon reaching age 62.

As previously pointed out, section 1 (e) redefines the term "lump-sum" to eliminate the payment of interest on deposits after December 31, 1956. Also, section 6 (d) provides for the payment of an immediate annuity to employees involuntarily separated not by removal, for cause who have attained the age of 50 and who have 20 years' service. Accordingly, section 11 (a) merely provides for a refund of deposits (without interest) to employees with less than 5 years' service and the right of election as between a refund of deposits (without interest) or entitlement to a deferred annuity at age 62 to employees with 5 but less than 20 years of service.

The remaining subsections of section 11 make no change in existing law.

SECTION 12. ADDITIONAL ANNUITIES

Section 12

Section 12 makes no change in existing law.

SECTION 13. REEMPLOYMENT OF ANNUITIES

Section 13 (a)

Present law provides that no annuitant may be reappointed to any Government position after attaining age 60 unless the appointing authority determines that he has special qualifications.

Section 13 (a) provides that annuitants may be reemployed in any position for which they may be qualified and serve at the will of the appointing officer.

Section 13 (b)

The bill provides that if an annuitant is reemployed in an appointive or elective position subject to the Retirement Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund withheld from his salary. It provides further that if the former annuitant performs actual full-time service for a period of at least 1 year, his right to future annuities shall be redetermined. If the annuitant does not perform actual full-time service for at least a year his annuity payments are resumed without change and the deductions made from his salary for the retirement fund during such period are refunded to him.

Section 13 (c)

Under present law if a retired Member is reemployed other than as a Member, his annuity is continued in addition to his salary. However, if he resumes

service as a Member, his annuity is suspended. Upon subsequent retirement, his annuity is resumed in the same amount or, if he contributed to the retirement fund during the additional service, the additional service is considered in recomputing his annuity rights.

The bill suspends a former Member's annuity during and period of reemployment in a position subject to the act.

SECTION 14. PAYMENT OF BENEFITS

The bill makes no change in this section which relates to the mechanics of paying benefits under the act.

SECTION 15. EXEMPTION FROM LEGAL PROCESSES

Section 15 (b)

Under present law the Commission in its discretion may waive recovery of any overpayment of annuity when the recipient acted in good faith.

The bill retains the provision and extends the right of the Commission to waive recovery from a recipient to lump-sum payments. Recovery of lump sums can be just as inequitable as recovery of annuity payments.

SECTION 16. ADMINISTRATION

The bill makes no change in the general administrative provisions.

SECTION 17. SHORT TITLE

This section provides that the act may be cited as the "Civil Service Retirement Act."

Section 2 of S. 2875 abolishes the special retirement system for civilian teachers at the Naval Academy and covers them under the Civil Service Retirement Act.

The teachers involved have long sought this change and there is no apparent good reason why it should not be made.

Section 3 of S. 2875 carries out the purpose of S. 59, passed by the Senate July 19, 1955, and now pending before the House Post Office and Civil Service Committee.

The effect of section 3 is to make effective as of April 1, 1948, certain benefits effective September 30, 1949. The Civil Service Retirement Act, as amended effective April 1, 1948, authorizes a husband, at the time of his retirement, to elect a survivorship annuity payable to his widow equal to 50 percent of the annuity otherwise payable to him. To obtain the benefit of this provision, the husband was required to take a reduction of 10 percent in the annuity payable to him. The act of September 30, 1949, reduced the reduction on the first \$1,500 of the husband's annuity from 10 to 5 percent for those who retired after such date. Accordingly, husbands who retired between April 1, 1948, and September 30, 1949, and who elected a survivorship annuity for their widows, suffered a reduction of \$150 on the first \$1,500 of their annuities, whereas, husbands who retired subsequent to September 30, 1949, had to take a reduction of only \$75 on the first \$1,500 of their annuities to obtain the same benefit. Section 3 would correct this inequity in the future but not retroactively by requiring the same reduction in the annuity of male employees who retired during the period from April 1, 1948, to September 30, 1949, and who elected survivorship benefits as are made in the case of male employees who retired subsequent to September 30, 1949, and who similarly elected survivorship benefits.

Section 4 of S. 2875 provides that the rights of persons separated prior to the effective date of this act shall continue in the same manner and to the same extent as if the act had not been enacted.

Section 5 of S. 2875 establishes January 1, 1957, as the effective date of the act.

Mr. BRAWLEY. Mr. Chairman, for the record I would like to read a telegram sent to people who wished to be heard at the hearing this morning.

First, one to Hon. Phillip Young, Chairman of the Civil Service Commission:

You are cordially invited to testify on S. 2875, a bill to revise the Civil Service Retirement Act at public hearings starting at 10 a. m., February 1, 2, and 3 in room 135, Senate Office Building. Please advise committee staff, code 190, exten-

sion 883, if you wish to testify or have testimony presented in your behalf. Pursuant to rule 6 of the committee, 25 copies of proposed testimony should be filed with the committee not later than January 30.

Senator SCOTT. Mr. Philip Young of the Civil Service Commission. You just go ahead, Mr. Young.

STATEMENT OF HON. PHILIP YOUNG, CHAIRMAN, UNITED STATES CIVIL SERVICE COMMISSION

Mr. YOUNG. Thank you, Mr. Chairman. I have a prepared statement which I would like to read.

Mr. Chairman, I am glad to have this opportunity of explaining to you the administration's carefully considered views with regard to retirement legislation affecting Federal employees.

The enactment of S. 2875 would not be in accord with the program of the President. This position is taken because, first, the increase of more than one-half billion dollars in retirement costs which would result from the liberalization of benefits proposed by S. 2875, and—

Senator LANGER. Wait a minute, Mr. Young. I have in my office the platform of the Republican Party where it said they were going to increase these retirements. Do you mean to say that the President is against it now?

Mr. YOUNG. It said that an increase of one-half billion dollars in retirement costs which would result from the liberalization of the benefits in S. 2875 is not in accord with the President's program.

Senator LANGER. Well, how much would it be? Would \$75 million be—

Mr. YOUNG. No; I cannot give you a figure on that. I think that is a problem of the Bureau of the Budget, Senator, rather than for the Civil Service.

Senator LANGER. The Republican platform says you were going to increase retirement benefits.

Mr. YOUNG. As we look at these various bills on retirement, I think, Senator, including the proposal of the administration, you will find an increase in benefits is evidenced.

Senator LANGER. Pardon me for interrupting. I wanted to get your attitude, I wanted to know if you were going to stay with the platform or cut it out.

Mr. YOUNG. Secondly, the bill would not resolve the problems currently arising from lack of coordination between the civil service retirement system and the old-age and survivors insurance provisions of the Social Security Act.

In view of this position, Mr. Chairman, I am not including in my statement detailed comments and recommendations concerning the many and varied provisions of S. 2875.

The Congress, by act of July 16, 1952, Public Law 555, the 82d Congress, created the Committee on Retirement Policy for Federal Personnel and directed that it make a comparative study of all retirement systems for Federal personnel and report to the Congress. During the past 3 years great time and effort and appropriations in the amount of \$217,800 have been expended in a comprehensive study of all aspects of the subject of retirement benefits for Federal employees. Its report, as directed by the Congress, was to include findings and recommendations regarding the following:

1. The types and amounts of retirement and other related benefits provided to Federal personnel, including their role in the compensation system as a whole—

Senator LANGER. Could I get that figure again, how much you spent?

Mr. YOUNG. \$217,800. This is what the Congress appropriated to this Committee which was established, Senator, for the study of retirement systems.

Senator LANGER. Thank you.

Mr. YOUNG. Secondly, the Committee was directed by the Congress to include in its findings and recommendations the—

necessity for special benefit provisions for selected employee groups, including overseas personnel and employees in hazardous occupations;

3. The relationships of these retirement systems to one another, to the Federal employees' compensation system, and to such general systems as old-age and survivors insurance; and

4. The current financial status of the several systems, the most desirable methods of cost determination and funding, the division of costs between the Government and the members of the systems, and the policies that should be followed in meeting the Government's portion of the cost of the various systems.

President Truman appointed Mr. H. Eliot Kaplan, a recognized expert in the field, to serve as Chairman of that Committee. President Eisenhower continued Mr. Kaplan in this position. The ex officio members of the Committee were the Secretary of the Treasury, the Secretary of Defense, the Chairman of the Board of Governors of the Federal Reserve System, the Director of the Bureau of the Budget, and the Chairman of the Civil Service Commission.

Between the time of its formal organization in 1952 and the date of its termination, June 30, 1954, this committee made a thorough study of all retirement systems, civilian and military, affecting Federal and District of Columbia personnel. Its report to Congress, made in five parts, is printed as Senate Document No. 89 of the 83d Congress.

The committee found, Mr. Chairman, that the major Federal employee retirement problem existing today is a lack of coordination between the civil service retirement system and the old-age and survivors insurance system.

Senator LANGER. Mr. Chairman, if I may ask a question.

Of course, this committee could do it themselves, who did they employ to make this investigation?

Mr. YOUNG. They had their own independent staff.

Senator LANGER. Who were they?

Mr. YOUNG. I cannot give you the names of them now. I would be glad to supply it for the record if you would like to have it. It is listed in the copy of the report if anyone here has a copy of the report.

Senator LANGER. But I want to know who made the investigation. Were they friendly to these retired people or unfriendly?

Mr. YOUNG. I think they were impartial. It was a factual, realistic study of the problems involved in the retirement systems.

Senator LANGER. Were you on the committee?

Mr. YOUNG. A member of the overall committee.

Senator LANGER. Could you tell us whom you employed?

Mr. YOUNG. As I say, Senator, I cannot give you the names now. This committee disbanded in June 1954. They are printed in Senate Document No. 89 which is the report of the committee, I am sure, and

I will be glad to supply them for the record or to you personally if you would like to have them.

Senator LANGER. I wish you would supply them. I want to find out who those men and women were who made that investigation. If I may have it in the next day or two I would appreciate it.

Mr. YOUNG. We can give it to you today, Senator, because I think your office probably has a copy of the report. If they do not have a copy of that report we will supply it.

Mr. BRAWEY. We have a copy of it, Senator. I will send and get it now.

Senator LANGER. I want to find out who did that work. I am sure Senator Scott would be interested, too, to know who made that investigation, I imagine.

Pardon my interruptions, Mr. Young.

Mr. YOUNG. Certainly. Shall I continue, Mr. Chairman?

Senator SCOTT. Yes, sir.

Mr. YOUNG. The civil-service retirement system is a staff retirement plan for about 90 percent of all Federal employees which provides annuity benefits in amounts related directly to length of Federal service and to salary earned. As a part of the personnel policy of the Government, it fulfills three major objectives:

First, it serves as an inducement for the best qualified people to enter and make a career of Federal service.

Secondly, it provides a humane method of separating superannuated employees by retiring them on annuity.

Thirdly, it provides career employees with security against want in old age.

The old-age and survivors insurance, on the other hand, provides benefits geared primarily to social need. Benefits are not proportional to length of service for one employer or to total service.

May I point out, Mr. Chairman, excuse me, there is a typographical error. That word should be "employer," not "employee" in the third line of that paragraph.

Amounts payable are weighted heavily in favor of low-salaried employees. Maximum benefits may be payable after nominal coverage.

Mr. Chairman, the concept of coordination of civil-service retirement with social security is in no way inconsistent with the objectives of the staff plan. Social security, with its concept of social need, is in a very true sense complementary to the career retirement system and would complete a well-rounded program for Federal employees.

In commenting on the need for coordination between these systems, the Kaplan committee had this to say, and I am quoting from the report:

Staff-retirement systems in industry are designed to take into account that old-age and survivors' insurance benefits will be payable; the old-age and survivors' insurance benefit is thus an integral part of their overall benefit program. The civil-service retirement system, on the other hand, is designed as if members of the system were not affected by the old-age and survivors' insurance program. However, our study indicates that there is considerable mobility of employees between the Federal service and private industry, with many earning some credits under both the civil-service retirement and old-age and survivors' insurance. Of employees covered by the Civil Service Retirement Act at one time or another during the period from 1937 through 1951, more than 70 percent also had some employment under old-age and survivors' insurance.

A degree of worker mobility is, of course, highly desirable. However, because Federal employment is excluded from old-age and survivors' insurance coverage,

this shifting of employees between industry and the Federal service inevitably results in inequities in benefit payments. Employees who go from private industry into the Federal service lose valuable rights acquired under old-age and survivors' insurance. Others may qualify under both the Federal staff retirement system and old-age and survivors' insurance and receive a total benefit which may be unwarranted in relation to the period of service and amount of contributions. Some may fail to qualify under either the staff retirement system or old-age and survivors' insurance. It appears to the committee that these inequities would become more pronounced if old-age and survivors' insurance benefits are increased, as proposed, and the exclusion of civil-service employees from old-age and survivors' insurance coverage is continued.

Excuse me, Mr. Chairman, there is a typographical error in the third line from the end of that paragraph—after the word "insurance" the term "benefits" should be inserted so that it reads "survivors' insurance benefits are increased, * * *"

If Federal employment were covered by old-age and survivors' insurance and the civil-service retirement system, the retirement system could pay benefits which would take into account that social security benefits would also be payable. Hence the employee whose work life was divided between Federal service and private industry would receive a total retirement benefit which would bear a reasonable relation to his lifetime service. The employee who did not remain in Federal service serving long enough to qualify under civil service retirement would get at least a social security benefit, and this benefit would include some retirement credit for his period of Federal service.

Excuse me again, Mr. Chairman. There is a small typographical error in the second line on page 5. It should read "in Federal service."

Let us take a look at some of the problems which exist because of the lack of coordination.

That was the end of the quotation, Mr. Chairman.

Take the case of a young man just beginning his working career. Assume that he has a wife and two small children. If he works in private industry or is self-employed, he is covered by social security, and if he dies after working as little as a year and a half, the Government-sponsored program of old-age and survivors insurance provides his widow and children with valuable survivor benefits.

Senator LANGER. Would you read that again, sir? They were talking here and I did not get that.

Mr. YOUNG. Take the case of a young man just beginning his working career. Let us assume that he has a wife and two small children. If he works in private industry or is self-employed, he is covered by social security, and if he dies after working as little as a year and a half, the Government-sponsored program of old-age and survivors insurance provides his widow and children with valuable survivor benefits.

If, however, instead of working in private industry, he decides to make Federal employment a career, and dies with less than 5 years of service, his survivors are left without any continuing benefits. If he dies after 5 or more years of service, survivor annuities are payable, but since the present civil-service retirement system properly relates the amount of such benefits to length of service, the amount is considerably less than a comparable social-security benefit unless he has worked for many years.

This disparity, Mr. Chairman, in benefits cannot be properly corrected by shortening the service required to qualify for survivor benefits under the civil-service retirement system, nor by liberalizing the formula for computing the amount payable. A formula which

would produce an adequate benefit after short service would result in excessive benefits after longer periods of employment. This would be true in any staff retirement plan which relates the amount of the benefit to length of service.

The best available answer to this young man's problem lies in extending to him as a career employee of the Government the same basic protection which is now enjoyed by approximately 65 million workers already covered by the old-age and survivors insurance program. The protection provided by social security is geared primarily to social need rather than to length of service.

Suppose, instead of working continuously for one employer, our young man changes his employment frequently. If all his service is covered by social security he will retain a continuity of basic protection, and reasonable benefits will be payable upon death or retirement.

Senator SCOTT. May I interrupt you just a minute?

Mr. YOUNG. Certainly, sir.

Senator SCOTT. I have got to be in another meeting that I promised to be in. Senator Neuberger is on his way to take over, but in the meantime, I will ask my good friend and Senator, Senator Langer, if he will take the chair.

Senator LANGER. I will be delighted and you could not get a better man.

Proceed.

Mr. YOUNG. Suppose, instead of working continuously for one employer our young man changes his employment frequently. If all his service is covered by social security he will retain a continuity of basic protection, and reasonable benefits will be payable upon death or retirement. If, however, part of his employment is under the Civil Service Retirement Act, one of several situations may result.

He may miss the boat and so have no protection under either system; he may qualify for inadequate benefits under one or the other; or he may by accident or design qualify for the maximum benefit intended by one system and in addition a similar full benefit intended by the other.

Suppose, for example, our young man works in private employment for a year and a half, at the end of which he has acquired social-security survivor protection. He then enters Federal employment, and dies 4 years later. He has then lost his social-security survivor protection, but has not yet qualified for civil-service retirement survivor benefits. Thus, no continuing benefits are payable by either system.

Again, assume 5 years of employment covered by social security, and then 10 years under civil-service retirement, all at a salary of \$4,200 a year. If all service had been covered by social security, after death the widow and 2 children would have received \$2,400 a year in social-security benefits. However, since the last 10 years were under civil-service retirement, social-security survivor benefits are not payable. Civil-service retirement will pay only \$670 a year to the widow and children.

Mr. Chairman, to illustrate the third situation, assume a single employee retires under civil-service retirement in 1955 at the age of 60 with 35 years of service and an average salary of \$4,200. His civil-service retirement annuity is \$2,345 a year. By working at \$4,200 a

year in a job covered by social security for the next 5 years he can, at age 65, receive in addition to his annuity, a social-security old-age benefit of \$1,302 a year.

None of these situations is desirable. None of them can be corrected by merely liberalizing civil-service retirement benefits. The administration shares fully the firm conviction of the Committee on Retirement Policy for Federal Personnel that only through coordination can existing problems be solved. Under a coordinated program the social needs of employees and their families can best be met through coverage under social security.

Senator LANGER. Mr. Young, if I may interrupt, you ran up a bill providing for this coordination?

Mr. YOUNG. A bill has been introduced by Senator Carlson and I believe is before this committee.

Senator LANGER. What is the number, Mr. Brawley?

Mr. BRAWLEY. S. 3041.

Mr. YOUNG. The need for a sound retirement plan for career employees can be met only through continued independent operation of a strong civil-service retirement system.

These objectives, and this is in response to your question, Senator, are embodied in a bill, S. 3041, introduced by Senator Carlson on January 25, 1956, which is now pending before the Senate Post Office and Civil Service Committee.

Senator LANGER. Excuse me, I just want to introduce my distinguished friend here, Senator Case from the State of New Jersey.

Senator CASE. Thank you, Mr. Chairman.

Senator LANGER. Senator Case is a former head of the Ford Foundation, is used to dealing in building, and used to dealing in hundreds. I want you to know who he is.

Senator CASE. I am sorry to be late, a prior engagement, dates fixed before this meeting with the farmers of my State kept me and I know you understand how important farmers are, too.

Mr. YOUNG. These objectives are embodied in a bill, S. 3041, introduced by Senator Carlson on January 25, 1956, which is now pending before the Senate Post Office and Civil Service Committee. This bill would carry out the recommendations made by the Kaplan Committee to the Congress after 2 years of most intensive study. The recommendations were a response to the specific congressional directive that the committee submit its findings and recommendations on, and I quote:

The relationships of these retirement systems to one another, to the Federal employees' compensation system, and to such general systems as old-age and survivors' insurance.

S. 3041 proposes that social security coverage be extended to employees now subject to the Civil Service Retirement Act. A new appointee would have social security coverage from his first day of employment, and after 3 years of continuous service he would also be covered by the civil-service retirement.

An employee subject to both would pay into civil-service retirement at the rate of $3\frac{1}{2}$ percent of his first \$4,200 of salary, and at the rate of 6 percent on salary over \$4,200. He would also pay the social-security tax, which is now 2 percent of the first \$4,200 of salary, and under present law will be increased to $2\frac{1}{2}$ percent after 1959, to

3 percent after 1964, to 3½ percent after 1969, and to 4 percent after 1974. This would make a combined civil-service retirement-social-security deduction on the employee's first \$4,200 of salary of 5½ percent through 1959, then 6 percent through 1964, then 6½ percent through 1969, then 7 percent through 1974, and finally 7½ percent after 1974. The Government would pay the social-security employer tax at the same rates.

Since each Federal employee would be covered by social security, he would qualify for all the old age and survivor protection afforded by that system. This protection would be continuous even though he moves between Government and private employment.

The bill S. 3041 would not change any of the age and service requirements of the civil-service retirement system for the retirement of a career employee, nor would it change the annuity payable before he reaches age 65. At age 65, when he could also qualify for a social-security old age benefit, his civil-service retirement annuity would be reduced, but the combined retirement and old age benefits would, on the average, be about 8 percent higher than present civil-service retirement annuity alone.

Senator LANGER. I take it, Mr. Young, if I may interrupt, you note a distinction between men and women?

Mr. YOUNG. That is correct.

Senator LANGER. Under Senator Carlson's bill?

Mr. YOUNG. That is correct. The bill contains a guaranty that the combined civil-service retirement annuity and social-security old-age benefit, for a current employee, cannot be less than civil-service retirement alone would pay under present law.

S. 3041 further provides that a person with at least 10 years of civilian service retiring for disability would receive, as a minimum annuity, the lesser of 40 percent of his average salary or the annuity he would have earned if his service had continued to age 60.

The bill, S. 3041, would retain civil-service retirement survivor benefits for widows where death occurs after at least 10 years of civilian service, and would add similar benefits for disabled dependent widowers. This would be in addition to survivor benefits payable by social security.

The civil-service retirement annuity of a survivor would be reduced at age 65, but the combined civil-service retirement and social-security benefits payable thereafter would exceed those now paid by civil-service retirement alone.

Senator LANGER. Mr. Young, as I understand it, you are not in favor of reducing the women to age 62, the age now is 65?

Mr. IRONS. The age is 65 under the Social Security Act. Under the Civil Service Retirement Act today and under the Chairman's proposal today, women could retire at age 55 with 30 years of service, or 60 years of age—

Senator LANGER. You are not in favor of women being retired at age 62, then.

Mr. IRONS. We do not make any distinction.

Mr. YOUNG. None at all.

Senator LANGER. Do you not think that women ought to retire at age 62 rather than 65?

Mr. IRONS. She can if she wants to.

Mr. BRAWLEY. She can retire at the lower age under this bill, Senator.

Senator LANGER. And social security we try and reduce the age to 62. I wanted to know if Mr. Young is in favor of that.

Mr. YOUNG. I think that the provisions such as we have in the civil service retirement proposal are sound. They make no distinction; they can retire from 55 on, on some basis with the proper years of service.

Senator LANGER. So, in other words, you would not favor a bill of 62 for women?

Mr. YOUNG. I would not see any reason to make that distinction between men and women.

Senator LANGER. I just wanted to know.

Mr. YOUNG. As long as you have adequate provision for them being able to retire if they wanted to.

Senator LANGER. I just wanted to get your opinion.

Mr. YOUNG. The children's survivor annuities now payable by civil service retirement would be eliminated because greater children's benefits would be payable by social security.

Enactment of S. 3041, instead of S. 2875, would provide Federal employees with the basic protections offered by social security, while retaining in the independently operated civil service retirement system the rewards for long service inherent in the staff retirement plan.

The Commission has already submitted to you a table of comparative costs of the present law, S. 2875, and S. 3041. This table shows that S. 2875 would increase the total annual cost of retirement by \$521 million. Its enactment would saddle the Government with this additional cost but would not begin to solve the problems resulting from lack of coordination.

S. 3041, on the other hand, would resolve the issues in a most fair manner. The annual retirement cost would be immediately reduced by \$56 million a year. Even after all scheduled social-security tax increases are in effect after 1974, the ultimate annual cost is \$267 million less than the cost of S. 2875.

I urge upon your committee and the Congress the view that the whole problem be considered with the idea of resolving the issues in a manner most fair to the employees and without unwarranted burden upon the taxpayers. I strongly recommend that these objectives can best be attained by enactment of S. 3041.

Attached to this statement, Mr. Chairman, are three tables.

First, a table and a graph showing comparative costs of the present law, of S. 2875, and of S. 3041.

Secondly, four tables comparing employee annuity and survivor benefits under the present law, S. 2875, and S. 3041.

And thirdly, a columnar comparison of the major features of the present law, S. 2875, and S. 3041.

May I again express my appreciation for this opportunity to testify, Mr. Chairman, on retirement legislation pending before this committee. Commissioner Lawton is here with me. Commissioner Moore had intended to be here but he was detained, unfortunately, although I expected him to accompany us.

Commissioner Lawton served as my alternate on the Committee during its 2 years of study.

I also have with me, Mr. John Macy, the Executive Director of the Civil Service Commission, Mr. Warren B. Irons who is the head of our Bureau of Departmental Operations, and Mr. Andrew Ruddock who is the Chief of the Retirement Division.

Those gentlemen are fully qualified, Mr. Chairman, to, I think, reply on the technical questions which are involved in this very complicated area.

Senator LANGER. Mr. Young, I want to express appreciation of the committee for your cooperation, for coming here today, and for their kindness in testifying so fully and for your willingness to answer questions.

Have you any questions, Senator Case?

Senator CASE. No, I do not, at the moment.

Senator LANGER. Have you, Mr. Brawley?

Mr. BRAWLEY. Yes, sir; I have quite a few questions.

The first question I would like to ask of Commissioner Lawton. Do you concur, sir, in the statements in detail made by the chairman this morning?

Mr. LAWTON. The statements as to the advantages of various bills I can concur with. The question of what is the administration's policy as to the amount of money that could or could not be made available, I obviously cannot comment on.

I have not the responsibility for fiscal policy.

The question of whether, if you can afford it or not is something that I cannot judge myself.

The benefits that were cited in this statement, the various points that were raised, I thoroughly concur in.

Mr. KERLIN. However, it should be noted for the record that all of the comparisons by Mr. Young are with the present Retirement Act. A different light would be thrown on the matter had the comparisons been made with S. 2875.

Mr. LAWTON. I think that the problem that is before you is the question of whether you will attempt, through a staff retirement plan, to accomplish a pension for the worker who has spent a career in the service and at the same time provide a social need for the survivor benefits for the short-range, short-term employee. I think that, as the Kaplan Committee pointed out, that the two are dissimilar, that there is a basic system, and that it takes care of social need that is weighted heavily in favor of the low-paid, short-term employee's need for protection, and that the combination of the two systems provides better benefits than are currently available.

Mr. BRAWLEY. Mr. Young, in your opinion, why was the Federal retirement system enacted? What was the basic principle? What was it supposed to do?

Mr. YOUNG. Well, I think I covered that in my statement where I cited the three objectives on page 3 in which I pointed out that it served as an inducement on recruiting, that it provided a method for separating elderly employees by retiring them on an annuity.

Mr. BRAWLEY. In other words, it was to provide retirement for career employees; is that right?

Mr. YOUNG. It is a staff retirement type of plan for career employees.

Mr. BRAWLEY. What does your plan, embodied in S. 3041, do for the career employee?

Mr. YOUNG. Well, it provides for this coordination with social security so that a Federal employee can get both benefits and it gives them a flexibility so that if he does move from industry to Government or back again as, of course, a great many people do, that he does not lose anything by it.

Mr. BRAWLEY. I am mainly directing my remarks now to the employee who makes the Government a career. A man who retires at the age 60 with 35 years service, what does your bill do for that employee?

Mr. YOUNG. What he gets, of course, as shown on these tables back here—

Mr. BRAWLEY. Let us turn to table 1, I think that is the one you are probably referring to. Take the first category, a man age 60 with 35 years service with an average salary of \$3,500 a year which we might call "Mr. Average Career Employee."

Mr. YOUNG. The average salary today is around something well over \$4,000—\$4,700.

Mr. BRAWLEY. All right, let us take the man at \$4,500, then.

Mr. YOUNG. Well, under the present program, as you can see from column 1, he would get \$2 450 under S. 2875.

Mr. BRAWLEY. Let us discuss the married employee who gets \$2,280 under the present law?

Mr. YOUNG. Yes, at this same price bracket.

Mr. BRAWLEY. What will he get at age 60 under your bill after 35 years service?

Mr. YOUNG. He will get \$2 280 before age 65.

Mr. BRAWLEY. Before age 65. In other words, at age 60 with 35 years service his retirement is not increased a nickel, he gets the same retirement under your plan as he now gets under present law for the first 5 years of his retirement.

Then, at age 65, what does he get?

Mr. YOUNG. He will get, after age 65, \$3,298.

Mr. BRAWLEY. That is a total combined annuity from both civil service and social security?

Mr. YOUNG. That is correct.

Mr. BRAWLEY. What happens to his social-security retirement at age 65? It is decreased—

Mr. YOUNG. Well, civil-service retirement is reduced and it picks up social security.

Mr. BRAWLEY. Reduced to \$1,490. He then gets an additional \$1,806 from social security?

Mr. YOUNG. That is correct.

Mr. BRAWLEY. Its pretty hard for a married couple to exist on \$2,280 per year and most of them are engaged in outside employment. Suppose at age 65 this same man is earning \$1,300 in outside employment, what happens to his annuity at that point.

Mr. YOUNG. May I ask Mr. Irons to reply to that?

Mr. IRONS. I will ask Mr. Ruddock to answer that question.

Mr. RUDDOCK. At age 65 his civil-service retirement annuity would be reduced to \$1,492 because his quarters of coverage under social security as a Federal employee would have basically qualified him for the social-security old-age benefit.

Mr. BRAWLEY. Right.

Mr. RUDDOCK. Now, under the circumstances you cite he would not be able to receive the social-security benefit because he has earnings, an example you gave of \$1,300——

Mr. BRAWLEY. In excess of \$1,300 a year?

Mr. RUDDOCK. That is right.

Mr. BRAWLEY. So, in effect, he is getting a reduction of \$800 a year in his retirement that he has paid for——

Mr. RUDDOCK. His annuity would be reduced by approximately \$800; yes, sir.

Mr. BRAWLEY. I see.

Is that desirable under this system? Is that a desirable plan, Mr. Young?

Mr. YOUNG. I think the coordination feature is most desirable.

Mr. BRAWLEY. Here is a man who has worked for the Government 35 years. At age 60 he retires on \$2,200 a year. He has a wife and family and he finds he cannot live on it, so he drives a taxicab and earns \$1,300 a year. At age 65 he loses \$800 of the money that he has paid for and has been receiving for 5 years?

Mr. RUDDOCK. Yes.

Mr. BRAWLEY. Am I correct in that statement?

Mr. YOUNG. Yes. I think that was just borne out by Mr. Ruddock's testimony.

Mr. LAWTON. At a lower contribution rate.

Mr. BRAWLEY. At a lower contribution rate?

Mr. LAWTON. Yes.

Mr. BRAWLEY. Let us get into the contribution rate. You say——

Mr. LAWTON. Three and a half on the first \$4,200.

Mr. BRAWLEY. You say from the charts that you are increasing the benefits to Federal employees over present law, yet, at the same time, you say you are reducing the cost.

Now, how can that be?

Mr. YOUNG. Well, as seen on this chart here, of the comparative costs, I think it probably presents it fairly simply. Of course, you reduce the cost under the retirement because of the amount taken on by the social security.

Mr. BRAWLEY. What does this chart represent? Does this chart represent—and I am speaking of your dotted line for S. 3041—does that merely represent the money to be paid out of the civil-service retirement fund?

Mr. YOUNG. That represents the annual cost of the program.

Mr. BRAWLEY. How can you increase benefits and decrease costs?

Mr. YOUNG. Well, it goes up as you can see on a step basis and what you have, of course, is the low cost of social security because of its tremendous coverage.

Mr. BRAWLEY. Well, are you not transferring on January 1, 1957, the liability of survivorship benefits for employees with low periods of service immediately to the social-security fund?

Mr. YOUNG. I do not understand what you mean by that.

Mr. BRAWLEY. Say, for instance, you have a man with 4 years service, this bill is enacted effective January 1, 1957. On January 3, the man dies. Where is his wife's annuity coming from?

Mr. YOUNG. He would be covered under social security.

Mr. BRAWLEY. And that money would be paid out of social-security funds?

Mr. YOUNG. And I assume he has had enough years to be covered by social-security retirement.

Mr. BRAWLEY. Four and a half years.

Mr. YOUNG. Did you say 4½ years?

Mr. BRAWLEY. Under 5.

Mr. YOUNG. Under 5 years.

Mr. BRAWLEY. Then his complete liability, the wife's annuity will then be paid from social-security money?

Mr. YOUNG. Yes; it would be a social-security benefit.

Mr. BRAWLEY. Is that money counted in this dotted line?

Mr. YOUNG. That represents the total, does it not, the total annual cost?

Mr. BRAWLEY. The total annual cost. Is it the combined cost from the social-security fund and the civil-service retirement fund or is it only the retirement cost?

Mr. YOUNG. No; this is the retirement cost, not total retirement and social security.

Mr. IRONS. I wonder if I could interrupt here. On this S. 3041 dotted line, that represents the annual combined premium cost of social security and civil-service retirement. For both the employer and the employee.

Mr. BRAWLEY. Mr. Irons, how does that explain how you can reduce the benefits and increase the cost? A hundred dollars worth of retirement is coming from somewhere.

Mr. IRONS. I would quite agree that is quite a trick if you can do it.

Mr. BRAWLEY. Mr. Summerfield should be here this morning. I'm sure he could use your system to reduce his deficit.

Mr. IRONS. I think if you will look at the chart you will see that the cost to the Government for supporting the program of S. 3041 through the civil-service retirement system, the Social Security Act is less than the present cost only for the period 1957 to 1960. At 1960 it rises slightly above the present cost and gradually goes up to where it is considerably higher.

Mr. BRAWLEY. Well, what happens in 1960?

Mr. IRONS. You do not have any lessening of cost in the final analysis. You cannot pay out more money and have it cost less. You may do it temporarily.

Mr. BRAWLEY. What happens in 1960 to increase the cost?

Mr. IRONS. The social-security tax rate rises from 2 percent to the employer and employee to 2½ percent to each and that causes the Government to pay more money to the fund to support the system.

As you have a gradually increasing cost to the employee and to the employer in this case—the Federal Government—as the social-security tax rate increases the civil-service retirement cost remains constant.

Senator CASE. Mr. Chairman, may I just interject here? I think it might be helpful because this record ought to be very complete, if at this point you could explain the reason for this in terms of the theory on which the Government contribution to the present system is made and to the social-security system.

I think that above all we want to get out of these hearings light and not just heat, and I would think it quite desirable to have a very clear public understanding as well as understanding by Members of Congress as to what the Government puts in both systems and on what basis the Government's contribution is made.

I think that that perhaps may clarify the problem that has been raised by our counsel here and I think everybody ought to know exactly what the situation is.

Mr. LAWTON. I think there is essentially a difference between the two forms of calculation on the costs.

The normal cost of the Federal employee retirement system in these tables is calculated on a level-premium basis, in effect. The social-security basis is on a step rate basis. The contributions from both employer and employee rising at 5-year periods starting the next rise in 1960, then another in 1965, 1970, and then after 1974 being at a level rate from there out.

At the present, the contribution rate is at 2 percent on the first \$4,200, 2 percent for the employee and 2 percent for the employer, and will rise to 2½ percent each in 1960, 3 percent each in 1965, 3½ percent in 1970, 4 percent after 1974.

If you translate that to a level-premium basis the same as you have in the retirement fund calculations here, you would get a level-premium rate based on total payroll, of about 6.8 percent. That is the combined total of the employer and employee contributions, carrying that out into perpetuity. So that what this chart shows is the ascending scale of premiums that make up in the future for any current deficit in the actual cost.

Senator LANGER. Is that very clear to you now, Mr. Case?

Senator CASE. I think that the witness has just described one of these two lines and he has explained, as I understand it, that the line representing the cost of S. 3041 is based upon calculating the Government's cost as an employer at the present tax rates under the social-security system.

Mr. LAWTON. For the first 5 years.

Senator CASE. For the first 5 years.

Mr. LAWTON. And then the ascending scale until it stops at 4 percent each in 1974.

Senator CASE. That is right.

Now, the more difficult thing which has not yet been explained for the record only—I do not mean there is any question of concealment—is the basis upon which the Government's contribution under the present retirement system and under S. 2875, how is the Government's contribution there calculated?

Mr. LAWTON. At a level-premium rate, assuming that it is the cost that would need to be paid each year with no ascent or descent in the scale from now on in order to maintain the benefits that S. 2875 produces, plus the interest calculation on the present unfunded deficiency.

Senator CASE. That still is not quite the fundamental answer that I would like to get.

Mr. LAWTON. There are two different types. One is on an ascending scale which ultimately makes up for any past liabilities which are not currently being met. You pay an increasing rate as time goes on and the average of that rate over a total period is sufficient to pay for the benefits that are provided in S. 3041.

Senator CASE. Well, in order to make the line a level line you have to do that.

Now, does this present level line for the present retirement system represent the amount that the Government is currently depositing in the retirement system?

Mr. LAWTON. No, sir. The Government is not contributing the full amount of normal plus interest.

Senator CASE. Well, I wonder if you would just explain what the law says about what the Government ought to do and what the Government has or has failed to do in the last few years so as to get a little bit of a picture of exactly where we stand now in regard to the soundness of the fund.

Mr. LAWTON. The law really says nothing as a positive formula. There is no formula in the law as to the Government contribution. The contribution is presumably or would be based, and it is a presumption, on an amount sufficient to provide an adequate retirement fund.

For 2 years nothing was paid except a minor amount for employees who had a temporary increase in benefits. Obviously that is not a sufficient justification. The Kaplan report recommended——

Senator LANGER. Are these the last 2 years? What 2 years were they? Mr. Case would be interested in that.

Mr. LAWTON. 1954 and 1955.

Senator LANGER. Nothing was paid in 1954 and 1955?

Mr. LAWTON. Except a very minor amount to take care of the temporary increase for people already retired.

Mr. BRAWLEY. Mr. Case, if I may interject for just a moment, I would like to read for you and for the record a letter from the Board of Actuaries, Civil Service Retirement and Disability Fund, addressed to the Civil Service Commission, dated November 14, 1955.

GENTLEMEN: The Board of Actuaries, appointed under section 16 of the act of May 22, 1920 for the retirement of employees in the civil service of the United States has the honor to submit herewith its 35th annual report on the operation of the fund.

In accordance with the practice of the Board in the past, the report gives a statement of the appropriation payable by the Government under the Retirement Act as amended on the basis of the estimated membership of the fund as of June 30, 1954.

The Board of Actuaries has always recommended that when an employee enters the membership of the retirement fund both he and the Government should contribute a level percentage of his salary each year so that the cost of providing the annuity accruing on the act of each year's service will be met.

President Coolidge adopted the recommendations of the Board and the necessary governmental appropriations to comply with this policy were made during his administration. The various administrations since his time have considered this policy to be sound despite the fact that in certain years the full amount was not paid but now the policy has been discarded, not only is the Government not making the appropriations needed but it is actually using the money appropriated in the past and the interest thereon to finance the present annuity roll without holding the contributions for the purpose for which they were made. The amount to meet the accruing liability for annuity credits being earned by active members is being left out of the budget supposedly on the theory that future budget makers will be able to include it, plus interest, and that in the future Congress will have to appropriate it if the promised annuities to retired employees are to be made.

Does Congress consider this a sound fiscal policy? The Board of Actuaries believes that the situation is too serious to be overlooked by either the members of the fund or by the Members of Congress. Members of the fund are having to make their contributions currently and pay income taxes on them. The Government is discontinuing its contributions and showing a smaller budget for the cost of personnel, but the real cost is not being reduced. The Board believes that the Congress should review the change in policy which it appears to have adopted in connection with the budget and consider its probable effect on taxpayers and employees.

Signed George Buck, R. R. Ray, and John B. Jones, members of the Board of Actuaries.

To supplement that, for approximately 20 or some 23 or 24 years, the funds in the retirement system were invested in Treasury bonds and receiving 4 percent interest. In addition to the lack of appropriations, in 1953, 1954, and 1955 the interest rate on those bonds was cut from 4 to 3 percent, which has very seriously increased the deficit of the retirement system.

Senator CASE. It is my understanding, if I may, to get the answer to this question. Contributions have not been made as a matter of course over the years at this recommended level rate. This is not something that has happened just in the last couple of years, but has been true over many years; is that correct?

Mr. LAWTON. The rates have varied. There have been times when the amount was equivalent to the normal plus interest, once or twice there was an amortization feature in the picture, but the average rate over all that period of time, including the first several years when no contributions at all were made, the rate has been considerably below the Government's share, and hence part of your unfunded deficiencies were made up of the failure of the Government to contribute in the past.

Senator CASE. Which is a condition that is obtained generally over the whole period that the fund has been in existence?

Mr. BRAWLEY. The totals, Senator Case, are employee contributions since 1921: \$4,989 million; the Government's appropriations have been \$3,396 million. Up until 1953 it approached a level proposition except for a few years during the war—in fact, during 1936 through 1942 the Government's contribution was somewhat higher than the employee's contribution and it amounted to \$325 million in 1953, but dropped to zero in 1954 and 1955.

Senator CASE. Mr. Chairman, I wonder if it would be appropriate to ask if the information might be obtained for the record as to say the last 20 years, the recommended contribution, the amount actually made, and the calculated current deficit?

Mr. LAWTON. Certainly.

Mr. BRAWLEY. I have it right here, sir.

Senator CASE. Let that be put in the record.

Senator LANGER. That will be put in the record at this point.

(The above-mentioned document is as follows (p. 42 of the Report on Audit Findings Relating to Civil Service Retirement and Disability Fund, United States Civil Service Commission, for Fiscal Years 1954-55 by the Comptroller General of the United States):)

U. S. CIVIL SERVICE COMMISSION

Civil service retirement and disability fund—Summary of cash receipts, disbursements, and balances for fiscal years 1921 through 1955

CIVIL SERVICE RETIREMENT

37

Fiscal year ended, June 30	Receipts				Disbursements				Transfers from (+) to (-) other retirement systems	Balance in fund June 30
	Deductions from salaries of employees and voluntary contributions ¹	Government appropriations	Interest on investments	Total receipts	Payments to retired employees ²	Payments to survivor annuitants	Payments of refunds and death claims	Adjustments	Total disbursements	
1921-28.....	\$142,729,500.09		\$13,211,143.86	\$155,940,643.95	\$51,032,215.83		\$21,966,987.44	-\$43,788.62	\$72,955,384.65	\$82,985,259.30
1929.....	28,122,943.18	\$19,950,000.00	4,446,797.16	52,519,740.34	12,005,059.88		4,067,423.54	-9,913.35	16,062,570.07	119,442,429.57
1930.....	29,048,108.65	20,500,000.00	5,899,257.42	55,447,365.07	13,107,731.55		5,049,197.36	-30,340.00	18,126,498.91	156,763,296.73
1931.....	29,944,191.69	21,000,000.00	7,332,320.46	58,276,512.15	19,869,891.09		4,160,371.69	-27,945.37	23,992,317.41	191,047,491.47
1932.....	31,889,087.70	21,000,000.00	8,586,812.86	61,475,910.55	23,645,700.19		3,924,374.87		27,470,075.06	223,388,126.02
1933.....	33,493,792.21	21,000,000.00	9,752,234.53	64,246,090.74	39,048,405.96		4,789,286.09		34,837,692.05	249,986,524.71
1934.....	38,703,458.69	21,000,000.00	10,518,358.79	60,221,817.47	39,620,985.04		8,035,785.74		47,656,699.64	262,561,642.64
1935.....	30,089,204.72	21,000,000.00	10,822,890.96	51,912,095.68	46,970,622.68		5,773,407.52		52,744,030.20	271,729,708.12
1936.....	32,405,114.23	46,150,000.00	11,712,785.15	84,267,899.38	50,243,146.50		6,465,675.63		56,708,822.13	299,288,785.37
1937.....	34,990,072.51	46,200,000.00	13,012,980.98	94,203,053.49	51,600,514.78		7,228,159.49		59,128,674.27	334,359,981.82
1938.....	37,322,049.95	73,234,700.00	16,635,825.67	127,192,635.62	54,153,266.80		8,322,354.32		62,476,621.12	399,076,996.32
1939.....	39,189,390.16	75,086,769.69	19,290,480.57	133,436,640.73	56,530,979.43		7,287,249.24		63,818,228.67	468,765,408.38
1940.....	42,914,829.42	87,171,760.00	21,564,989.99	151,651,569.41	59,252,240.81		8,063,235.48		67,315,476.29	553,121,521.50
1941.....	55,492,455.43	91,550,110.00	25,163,610.35	172,125,175.78	62,736,210.79		9,633,919.52		72,370,130.31	652,818,863.90
1942.....	86,927,295.68	101,761,292.00	29,732,392.61	218,410,800.29	65,181,672.41		11,185,722.80		76,367,395.21	794,851,884.93
1943.....	298,149,125.31	106,137,575.00	37,788,863.36	370,075,563.67	69,463,337.67		14,168,467.69		83,631,805.36	1,081,295,643.24
1944.....	269,408,079.79	173,993,037.00	52,767,637.64	495,158,754.43	74,207,149.21		28,954,230.38		103,161,399.59	1,476,298,618.16
1945.....	288,114,029.05	195,790,875.00	63,382,148.62	562,487,052.67	80,267,778.58		72,293,349.39		152,551,127.97	1,875,227,631.70
1946.....	279,537,869.58	246,220,000.00	84,430,220.33	610,188,089.91	88,995,694.43		196,195,067.85		285,190,762.28	2,201,224,979.33
1947.....	235,895,491.10	221,293,000.00	94,394,080.36	571,582,571.46	101,264,897.24		126,056,060.23	+1,199.28	293,874,636.75	2,478,919,593.94
1948.....	234,847,511.44	245,639,000.00	107,112,645.48	587,497,156.92	114,517,734.93		126,056,060.23	+849.54	240,574,649.07	2,825,820,080.68
1949.....	325,149,015.50	225,032,000.00	122,798,553.78	673,979,570.28	145,704,613.65	\$2,609,943.10	68,421,210.60		217,735,767.35	3,287,520,119.65
1950.....	355,649,805.37	334,308,880.54	143,173,569.13	833,232,245.14	164,430,000.29	5,777,921.51	96,291,714.97		266,499,636.17	3,842,229,352.45
1951.....	374,872,490.23	307,117,455.27	161,361,022.06	843,351,022.06	185,431,904.44	10,897,666.71	72,534,135.87		268,863,707.12	4,419,827,112.89
1952.....	414,782,450.77	312,776,621.36	188,139,280.70	915,688,752.83	203,625,518.29	16,079,596.08	78,879,612.88		298,584,727.30	5,037,031,138.42
1953.....	421,634,454.57	325,000,154.19	214,639,442.91	959,948,051.67	246,711,413.29	23,472,406.16	91,023,429.55		361,207,314.00	5,635,771,876.09
1954.....	425,000,030.73	35,303,239.17	225,654,018.14	685,957,268.04	281,595,565.67	29,445,478.97	96,118,629.17		409,124,673.81	5,912,604,490.32
1955.....	440,284,878.46	33,678,729.94	234,377,295.62	708,340,841.92	310,280,639.20	34,858,748.06	82,655,739.37		427,795,126.69	36,194,844,496.61
Total.....	4,989,927,747.20	3,396,298,559.57	1,945,984,662.38	10,332,210,969.15	2,703,629,734.44	123,141,820.59	1,334,153,332.78	-109,988.52	4,160,814,049.29	+
										21,754,187.75

¹ Includes payments into the fund for purchase of creditable service.

² Includes payments of accrued annuities to estates of deceased annuitants, and payments to survivor annuitants for the fiscal years 1941-48.

³ Includes \$137,341.81 collections and \$507.16 repayments in transit, credited by Treasury in July 1955, \$50 in the accountable officer's cash fund, and accounts receivable as of June 30, 1955, in amount of \$1,694,289.

Senator CASE. In summary this is true, is it not, that the fund actually is not now actuarially sound on the basis of a current operation, a level premium operation?

Mr. LAWTON. There is currently an unfunded deficiency of \$13,400 million as of July 1, 1955.

Senator CASE. Now, could you comment in the same vein on the degree to which the social security system is actuarially sound?

Mr. LAWTON. I do not have those figures, the social security people are here; they could probably supply that.

Senator LANGER. Let us go back to your other question, Senator Case. Will you read the question Mr. Case asked?

Senator CASE. I think that has been answered in part.

Senator LANGER. Would you explain it to me?

Senator CASE. I was trying to get for the record and for the education of ourselves and for the public, generally, an idea as to whether we had presently a sound retirement system, the basis on which it is kept sound or the degree to which its soundness is doubtful, and to compare that with the social security system and the degree to which people relying on that may consider that it is actuarially sound also, because, it seems to me, obvious as everyone can see, that you cannot pay more out when you are receiving less or making a smaller contribution and that the difference must be ultimately the degree to which one or the other operation is not conducted on a sound basis from an actuarial point of view.

Senator LANGER. Warren Irons can explain it. I wonder if we can get Warren Irons to give his viewpoint on this?

Senator CASE. I am not saying that I believe it is necessarily desirable, although I think maybe it is, that we should have a fund in existence at all times able to meet careful calculated ultimate obligations. Perhaps we ought to be on a current basis, but we ought to know in either event to know what we are doing, making the decision of policy rather than having it made for us anywhere else or by ourselves making it without knowing what we are doing.

Mr. YOUNG. May I just make a comment, Mr. Chairman?

Senator LANGER. Certainly.

Mr. YOUNG. Of course, during the 2 years in which there were no appropriations made to the fund are the 2 years which this special committee was studying this problem. That was discussed a great deal with the appropriations committees here at the Capitol, and it was determined that everyone wanted to find out what these recommendations were going to be and how the financing of it should be dealt with.

Then, in fiscal 1956, Congress did appropriate an amount to the fund and, of course, the budget this year also includes an appropriation to the fund for fiscal 1957.

Mr. BRAWLEY. Mr. Young, on that point, is your bill 3041 your answer to financing the fund?

Mr. YOUNG. What our bill states with respect to the financing is that the Civil Service Commission is responsible for recommending to the President what amount of appropriation should be on a basis of normal cost plus interest.

Mr. BRAWLEY. Well, let us take your chart again. Let us go over to 1975 where you say that the cost under 3041 will rise to approximately \$1,640 million. What will be the annual income for that year

from employee contributions to the retirement fund? What will be the deficit at that time annually?

Mr. YOUNG. It depends on what you appropriate in the meantime as to what your unfunded accrued liability will be at that point.

Mr. BRAWLEY. Take it on the basis of the liability so far.

Mr. YOUNG. I do not know as that is a fair assumption as to what you have done in the past. Certainly the record has been fairly spotty, I would think, in terms of any long-range established program for how much you are going to appropriate or contribute each year.

Mr. BRAWLEY. Let us say it is a level contribution, which I doubt that it will ever be. Let us say, for instance, it is a level contribution, what will then be the deficit?

Mr. YOUNG. May I ask Mr. Irons to reply to that?

Mr. IRONS. To answer your question I want to be a little bit more specific.

If you determine the level premium as such is displayed on this chart as 15.42 percent of payroll for the present act and if that amount is received by appropriations and by employee contributions and the Civil Service Retirement Act is neither amended nor liberalized, the present unfunder liability would remain unchanged.

If the Government does not appropriate up to this level as set forth here, then the unfunded liability will increase.

Mr. BRAWLEY. Well, it looks to me as if you are trying to pick up some extra money from these career employees if their contribution is raised to 7½ percent and as I pointed out before, an average man at \$4,500 stands to lose \$800 of his retirement after 35 years service because he has outside employment. It seems to me you are trying to pick up some extra money there.

Mr. IRONS. You hardly pick it up if you reduce the contribution rate from 6 to 3½ which is part of the same operation. It is all part of the picture.

Senator LANGER. Mr. Kerlin, do you have any comments on this?

Mr. KERLIN. On this chart where you are referring to S. 3041 there is an increase in employee contributions every 5 years until 1970. How much longer would these increases continue if the chart had not stopped at 1970?

Mr. LAWTON. This represents the maximum contribution from 1965 on under present law.

Mr. BRAWLEY. Under present law?

Mr. LAWTON. Certainly, which is 4 percent for each.

Mr. BRAWLEY. But, if Congress decides 10 years from now to raise the contribution again on social security this would go up also, the employee's contribution would also go up, would it not?

Mr. LAWTON. Certainly.

Mr. BRAWLEY. In other words, the employee's contribution from here on out will be determined on the basis of what Congress says shall be paid into the social security fund?

Mr. LAWTON. The same as the retirement fund. They are both the same. I mean, the same effect. If Congress can change the contribution rate in either one—

Mr. KERLIN. Except that the increases on the chart are based on paying for social security. Now, to put a relatively small group, in with many millions of employees from all possible vocations, any Federal employee might well wonder at what point the increases in his

contribution might stop. Would they go to 12 or 14 percent or higher. Assuming that the social security program might turn out to be more costly than currently anticipated. Is that correct?

Mr. LAWTON. Well, if the contribution rate is changed by Congress on the social security system and increased above 4 percent for the employer and for the employee, naturally the employee's rate will go up by whatever percentage or whatever amount Congress increases it.

Mr. BRAWLEY. Without any additional benefits accruing to the employee?

Mr. LAWTON. If Congress increased the rate without changing the benefits, that is true that has not been the history. Usually the rate has only gone up when the benefits have gone up.

Mr. YOUNG. I have seen no indication for the Congress to disregard benefits for the employees.

Mr. KERLIN. Let me try to turn to one of those. •

Today an employee contributes 6 percent and for that he receives a guaranty: (1) a refund of his money, or (2) an annuity when he reaches a certain age.

Now, under this proposal his annuity is not going to be increased but a portion of that 6 percent— $2\frac{1}{2}$ then 3, then $3\frac{1}{2}$ —of the contribution is going to be diverted to social security; hence, the employee who works, 10, 15, years and through no fault of his own should be dismissed and asks for the refund, would he get the total 6 percent or the 6 percent less the $3\frac{1}{2}$ that went elsewhere?

Mr. LAWTON. He would not get a refund from social security, he is just getting his refund of the amounts he contributed to the civil service system. If he contributed at a $3\frac{1}{2}$ percent rate for part of his salary, he would only get what he put in.

Mr. KERLIN. Well, today he puts in 6 percent and gets certain benefits. He gets no more benefits, puts in the same amount but would get back 2, $2\frac{1}{2}$, 3, $3\frac{1}{2}$ less in his refund.

Mr. LAWTON. He would put in less and get out less on a refund basis, sure. He would get back whatever he put in.

If that amount is smaller, he—if he puts in less he gets back less, just as the \$4,000-man get less than the \$8,000 man.

Mr. KERLIN. He is still going to put in 6 percent?

Mr. LAWTON. Not under civil service retirement fund. He is putting in total—

Mr. KERLIN. But for the same purpose.

Mr. YOUNG. Certainly, like 65 million other Americans. They do not get it back.

Mr. KERLIN. There are two possible penalties. Is that not right, Warren?

Mr. IRONS. Possibly two.

Mr. KERLIN. Yes.

Senator LANGER. Some more questions, Mr. Brawley?

Mr. BRAWLEY. No, sir.

Senator LANGER. Mr. Young, do you believe when the Federal employees get a pay increase then automatically the retirement should go up in proportion?

Mr. YOUNG. Well, I think the general answer to that, Mr. Chairman, is the fact that Congress certainly increased the rates for retired employees, when was it, last year?

Mr. IRONS. Yes.

Mr. YOUNG. Last year, and is very keenly aware of that situation. Certainly it is the general policy of this administration to see to it insofar as it can, in terms of its resources and its budgetary limitations that all of our personnel legislation is as nearly comparable as we can make it with private industry and we would hope in many areas, at least, could be an example for what private industry ought to do.

Senator LANGER. But it has got to be a separate bill, does it not, the retirement? Would you oppose an amendment to either one of these bills which would say that whenever the pay increases that automatically the retirement should be raised an equal percentage?

Mr. YOUNG. I am not quite sure what you mean by retirement. Do you mean the amounts paid to retired employees on that?

Senator LANGER. Yes.

Mr. YOUNG. Well, I think it is something which ought to be considered if your pay increases are based on, let us say, changes in cost of living and that kind of element. That was the basis for this last action, of course, for retired employees.

Senator LANGER. You would not oppose an amendment to either one of these bills which provided for an automatic increase for those who are retired?

Mr. YOUNG. I would like to see how it would be worked out and how it would be drafted. But as a general principle, certainly, you have to look after your retired employees in terms of changes in the cost of living. I do not think there is any question about that.

Senator LANGER. Any further question, Senator Case?

Senator CASE. No, but just commenting on that question. That does suggest that, perhaps, you regard the retirement system not as something that is comparable to an annuity purchased by an individual on his own or even a private pension plan, but rather something to be taken or regarded as a benefit to employees regardless of actuarial soundness at any particular time.

I think this is important for us to grasp because conceivably we could have a Federal retirement system that was just the same as an individual annuity plan that he paid for himself in which event he would put in X number of dollars and have an agreed amount payable on retirement and benefits and other contingencies which were fixed and determined and not changed no matter what happened to the cost of living.

Or, you can have a Government plan which, generally speaking, keeps the level of the retired employee income consistent with the cost of living throughout the period which he draws that income. In that event you cannot, I suppose, have an actuarially sound system on a current basis though you may be able to approximate it.

I am not sure that I can combine the two and have all the benefits of a savings plan and a plan for security, if you will, and I do not know that maybe we ought to attempt to get the benefits of both, if we can. But, I think, again, we ought to know what we are doing when we decide to try and do it.

Senator LANGER. Do you think that should be on the basis of what they need on the part of these retired employees?

Senator CASE. That is a reasonable way to do it. If that is done we have to recognize at all times that we are not operating an actuarially sound retirement system.

Senator LANGER. I wonder if the staff would prepare an amendment along that line for both bills.

Mr. BRAWLEY. We will try, sir.

Mr. LAWTON. If you consider retirement as a deferred compensation you approach it from that point of view.

Mr. BRAWLEY. Mr. Lawton, would you be in favor of the Johnston bill if ways and means were found to finance it? That is bill S. 2875.

Mr. LAWTON. It depends on what the ways and means are. I do not know?

Mr. BRAWLEY. Would you, Mr. Young?

Mr. YOUNG. Well, I think you have to realize that one of the basic distinctions between S. 2875 and S. 3041 is that S. 2875 is basically a liberalization bill for retirement benefits; S. 3041 is not regarded really as its primary objective is not liberalization of benefits, its objective is to get it on a sound principle of coordination between civil-service retirement and social security.

Now, it would be my feeling that the provisions of S. 3041 should be adopted and this coordination worked out so the foundations are firmly established here and then the question of liberalization of benefits should be taken up in terms of the overall budgetary picture of the Government as to what you can do with it.

Mr. BRAWLEY. Would the administration then submit to Congress a plan to liberalize the new retirement plan?

Mr. YOUNG. I say that is a budgetary consideration which would have to be taken into account by the President and the Bureau of the Budget. Certainly there are all kinds of things which all of us can think of which we would like to see eventually in the retirement system and it is always a question of what you can afford in Government just the same as there is in your own life.

Mr. BRAWLEY. I wish I could run the budget of my household the same way you are going to finance your plan. It would be mighty nice to defer my bills 30 years.

Back sometime before you came in, Senator Case, Senator Langer asked for a list of the advisers and employees of the Kaplan committee. We have that now and we would like to have it inserted in the record at the point of this questioning.

Senator LANGER. I want to have that read. I want you to read out their names. I want to know what their businesses are, how many of them were connected with retirement funds and what their experience has been. I want to know about these gentlemen who were on the committee.

Mr. BRAWLEY. The report submitted to Congress shows that Kaplan was chairman.

Senator LANGER. Who is he? What does he do?

Mr. BRAWLEY. That, I am not sure. I think he was at one time director of the National Civil Service League in New York and is now sort of a free-lance adviser.

Mr. LAWTON. He was also pension commissioner in New York State, and he is a consultant on retirement pension systems.

Senator LANGER. Who is the next gentleman?

Mr. BRAWLEY. The next five are the Secretary of the Treasury, George Humphrey; Charles Wilson, Secretary of Defense; William Martin, Chairman of the Board of Governors of the Federal Reserve System; Rowland Hughes—

Senator LANGER. Mr. Brawley, I want to know who the staff was, figure this thing out. Mr. Wilson and Mr. Humphrey did not devote any time to this, they are busy with other things. I want to know the gentlemen and the ladies who figured this thing out.

Mr. YOUNG. Could I just comment on the list of names there to point out again the fact that this committee was set up by President Truman and at that time the list of names was different—the persons who were members of the committee.

Senator LANGER. You know what I want.

Mr. BRAWLEY. Mr. C. Victor Johnson is listed as Executive Director. I know nothing about Mr. Johnson, does anyone else?

Mr. IRONS. Do you know, Fred? I am sure it is Socony Vacuum that he was connected with and director of their benefit plans.

Mr. YOUNG. Why is it not the thing to do, Mr. Chairman, for us to submit a biographical sketch of these people for the record?

Senator LANGER. I want to get it, I am not interested in Mr. Humphrey's background.

Mr. YOUNG. I am referring to the staff people.

Senator LANGER. Or Mr. Wilson. I want to get the names of the fellows who did the actual work.

Senator CASE. I wonder if maybe Mr. Kaplan might not tell us that himself; if he could not come some time.

Mr. YOUNG. Are you asking Mr. Kaplan to appear before this committee?

Senator LANGER. I would like to have him here at the next meeting.

Mr. BRAWLEY. We have not requested his presence, sir.

Senator LANGER. I want to know what experience these people had who drew up this bill.

Mr. BRAWLEY. We will try to get that information from Mr. Kaplan for the next meeting.

Senator CASE. I think it would be best if he could come and talk to us not only about that but his theory and development of the plan and other questions.

Senator LANGER. Could we have him here today? What do you have on tomorrow?

Mr. BRAWLEY. The employee associations are scheduled to testify on the bill tomorrow.

Senator LANGER. Could you invite Mr. Kaplan to be here tomorrow?

Mr. BRAWLEY. Could we do it on Friday because the appearances are not as heavy on Friday as they are tomorrow.

Senator LANGER. Yes, I would like to have you have him here. We would like to meet the gentlemen.

Mr. BRAWLEY. We will arrange it for Friday. We have a full schedule for tomorrow and we have a light schedule Friday.

Senator LANGER. Where does he live?

Mr. BRAWLEY. In Albany, N. Y.

Senator LANGER. Let us have him here Friday morning if it is agreeable. Does that suit you? This 11 o'clock is too late, why can we not meet at 9 o'clock?

Mr. BRAWLEY. Will you be here, sir?

Senator LANGER. Yes, sir; I will be here at 9 o'clock in the morning. Here we meet at 11 o'clock—

Mr. BRAWLEY. It was 10 o'clock, sir.

Senator LANGER. It does not give us time enough to go into these matters. I do not see Mr. Philip Young very often and I like to keep him around for a few hours when I see him, I like to keep him around because he is a delightful gentleman.

Senator CASE. I normally would be glad to accomodate myself but in view of the 10 o'clock date, I had made other engagements before this so I could not get here before 10.

Senator LANGER. So, make it 10 o'clock Friday, but we meet tomorrow morning at 10 o'clock?

Thank you very much for coming, Mr. Young, and we appreciated your presentation.

Mr. YOUNG. Thank you, sir, it was a pleasure.

Mr. BRAWLEY Mr. Charles I. Schottland, Commissioner of the Social Security Administration.

Senator LANGER. You may proceed, Mr. Schottland.

Mr. BRAWLEY. Mr. Schottland is the Commissioner of the Social Security Administration.

Senator LANGER. You may proceed.

STATEMENT OF CHARLES I. SCHOTTLAND, COMMISSIONER OF SOCIAL SECURITY, UNITED STATES DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. SCHOTTLAND. Mr. Chairman and members of the committee, I am Charles I. Schottland, Commissioner of Social Security of the Department of Health, Education, and Welfare.

The Department appreciates this opportunity to present its views on proposed legislation affecting the retirement and survivor protection of civilian employees of the Federal Government. Secretary Folsom has asked me to express his regrets at not being able to be here to present his views personally.

The Department of Health, Education, and Welfare believes that the importance of the civil-service retirement system to Federal employees and to good government cannot be overemphasized. This committee is to be congratulated for its part in the development of a strong staff retirement system for Federal employees—a system that was established in 1920, well in advance of the recognition of the necessity for pension plans by many private employers.

The civil-service retirement system is a significant factor in attracting able persons to Federal employment, in encouraging competent, experienced employees to continue in the Federal civil service, in making orderly retirement possible for them and in giving dignity to their years of retirement.

As the employer of more than 32,000 Federal employees covered by the civil-service retirement system, this Department is constantly aware of the benefits provided by the civil-service retirement system.

We consider the maintenance and continued improvement of a strong, independent civil-service retirement system essential to the welfare of Federal employees and to the efficient conduct of the business of Government.

Under the Social Security Act, the Department of Health, Education, and Welfare is charged with the responsibility and—

duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance * * * and as to legislation and administrative policy concerning old age pensions * * * and related subjects.

As a result of this continuing study and the congressional consideration of old-age and survivors insurance over the years, practically all areas of gainful employment except employment by the United States Government are covered by old-age and survivors insurance.

It seems to me that it is not desirable to have one policy for workers and employers in private industry and another for the Government and its employees. As the official of one large private employer stated:

It was one of the anomalies of the act that Congress did not treat its own employees on a basis comparable with what it expected of other employees. * * * Had the Congress given this treatment to its civilian employees, problems of transferring between private and Federal employment would have been greatly diminished.

The Congress has said to private employers and their workers:

You can have any kind of retirement system you desire. But every employee must have the basic protection of old-age and survivors insurance.

Not so in Federal employment. The benefits of our present civil-service retirement system, as well as the benefits provided by S. 2875, accrue only to that minority of Federal employees who stay in Federal service for an extended period.

Most of us are in agreement, I believe, that benefits under civil-service retirement should be liberalized. At the same time, attention should be given to providing all Federal employees protection that will follow them after they leave the Federal service. This is particularly important for the one-half million persons who enter and leave Federal service annually.

In 1947 the Senate Committee on Finance appointed an advisory council on social security consisting of persons from management, labor, and other interested groups. One of the major recommendations of the council was that—

the Congress should direct the Social Security Administration and the agencies administering the various Federal retirement programs to develop a permanent plan for extending old-age and survivors' insurance to all Federal civilian employees * * *.

This recommendation was unanimous.

Mr. Chairman, in our study of the social-security program and in our day-to-day administration of this program, we are continually impressed with the vital role that independent staff pension and retirement plans play in providing social security in the broad sense. Many employers in private industry of course have, like the Federal Government, developed staff retirement plans for their employees. These employers strive to set up good private pension plans for exactly the same reasons that the Federal Government is interested in maintaining a strong civil-service retirement system—that is, to attract and retain competent employees. Since virtually all jobs in private industry are covered by OASI, private employers can assure a high level of retirement protection for their career employees by building their retirement plans on top of a foundation provided by old-age and survivors insurance.

This effective relationship that has been developed between old-age and survivors' insurance and the private staff retirement plans in industry has completely dispelled fears that were expressed when the old-age and survivors' insurance program was established. At that time some people claimed that old-age and survivors insurance would undermine private pension plans. But experience has proved that social security is a great stimulus to the development of staff retirement plans.

Old-age and survivors insurance is now recognized as a strong base upon which various forms of additional protection can be built. The benefits it provides are not high enough to preclude the need for supplementation. The moderate level of basic protection under old-age and survivors insurance lends itself to the development of supplementary protection designed to provide a sufficient total of retirement or survivor income.

The experience of over 20 years shows a remarkable growth and improvement in private pension plans. In 1935 there were about 1,000 private pension plans covering about 2 million workers. By 1955 the number of private plans was approaching 20,000 and they covered about 13 million workers.

These 13 million employees, of course, are covered by old-age and survivors insurance as well as by private pension plans. They thus have continuous retirement and survivor protection from old-age and survivors insurance when they, like millions of other American workers, shift from job to job and from one kind of employment to another.

In addition, those who make a career or work for a long period with one employer get supplementary benefits under the employer's private pension plan. The private pension plus old-age and survivors insurance makes possible a high level of benefits for employees with one employer in private industry. For example, an employee of Johnson & Johnson who has completed 30 years of service and who has average earnings of \$4,200 a year, or \$350 a month, would get combined benefits of \$216 a month made up of \$108 from the private pension plan and \$108 from the old-age and survivors insurance.

In similar situations Armstrong Cork provides a total benefit amounting to \$239 per month—including \$108 old-age survivors insurance—and Eastman Kodak \$243, again including an old-age and survivors insurance benefit of \$108.

Like these staff retirement plans in industry, the civil-service retirement system is intended to provide mainly for career workers. This concern for the long-service employee is in keeping with the objectives of a staff-retirement plan, but, unlike the arrangement in private industry, in Federal employment there is no base of old-age and survivors insurance coverage to give continuity of protection to the workers who move into and out of Federal employment. This poses a major problem when the overall retirement and survivor protection of Federal workers is considered.

A great many Federal employees are people who work in Federal service for only a part of their working lifetime. Of all young people who enter Federal employment at age 20, almost one-half, 48 percent, leave in less than 1 year; over two-thirds, 67 percent, leave before 5 years have elapsed.

Of those who enter Federal employment at age 25, 43 percent leave in the first year and 61 percent leave before 5 years. At age 30, over

one-half, 52 percent, leave before completing 5 years of service. Even among those who entered at a later age, the turnover is great. Of those who enter at 35, 42 percent leave during the first 5 years; at age 40, one-fifth, 20 percent, leave during the first year and one-third, 32 percent, leave before 5 years.

What happens to the retirement and survivor protection of the large number of employees who shift between private industry and the Federal service? The protection they get is largely a matter of chance. Unlike the situation within private industry where a worker's old-age and survivors insurance protection follows him from one job to another, the worker who goes from private industry into Federal employment stops building social-security protection.

Some of these employees eventually lose their valuable old-age and survivors insurance protection and they cannot acquire the equivalent in survivor protection under the civil service retirement system until they have worked in Federal employment for many years.

The employee who leaves Government service to go into private industry has to start building or rebuilding his protection under old-age and survivors insurance. In many cases there will be a period when he will not have any survivors protection, and this may be at a time when his need for adequate protection for his family may be most acute. Whether the worker moves into or out of Federal employment his program of personal security can easily be upset.

For some people whose work life is divided between the Federal service and private industry, the effects are even more drastic. Instead of suffering only a temporary or partial loss of protection, some may fail to qualify for benefits under any system. The worker, or perhaps a surviving widow and children, may be left without any benefits except a return of the contributions that the worker made to the civil service retirement system.

Take the case of one of the top employees of our Department. He is 30 years of age, married, with 2 children under 3 years of age. He was called into Federal service for short-term duty and will soon be leaving. Should he die shortly after leaving Federal service, his wife and children would be without any protection other than that of his own private insurance. If he were in private employment, his wife and children would receive, upon his death, \$200 per month as long as both children were under 18 years of age and slightly lower benefits until the second child was 18.

On the other hand, in the present haphazard arrangement, many of the workers who shift between civil-service retirement and old-age and survivors insurance get unreasonably large benefits. Some will qualify for total benefits under the two systems in an amount which obviously is not warranted by either their service or contributions. One reason for this is that the old-age and survivors insurance benefit formula is weighted in favor of workers who have low earnings, somewhat as the civil service retirement annuity formula is weighted to favor employees in the lower pay groups.

The method of weighting the old-age and survivors insurance benefit formula, however, makes it possible for persons who have relatively high earnings but who work for only part of their working lifetime in employment covered by old-age and survivors insurance to have the benefit of the weighting in spite of their high earnings; this is so be-

cause the old-age and survivors insurance average monthly wage, on which the old-age and survivors insurance benefits are based, is arrived at by counting years spent outside of old-age and survivors insurance as years of zero earnings. Many individuals can obtain disproportionately large old-age and survivors insurance benefits through relatively short periods of covered work and then qualify, in addition, for a substantial benefit under a system like civil-service retirement.

The resulting total benefit amount is likely to be unreasonably large in comparison with even the most liberal standards for pension levels. For example, the civil service retirement annuity provided under S. 2875 plus the old-age and survivors insurance benefits which some workers would also obtain would, in a number of instances, result in the payment of combined benefits which would be larger than the individual's pay.

Federal employment is the only significant remaining area of employment that does not afford old-age and survivors insurance protection. By the same token it is also the only significant area that contributes to employment patterns under which some short-term workers lose valuable survivor and retirement protection while others reap an undue advantage in excessively large benefits.

The solution of these problems can only come through the extension of old-age and survivors insurance coverage to Federal employees. If Government employment were covered under old-age and survivors insurance, Federal employees would have protection under both social security and a strong, independent civil service retirement system. This is the only approach which, on the one hand, would avoid the inequities and the higher than necessary costs that are inherent in the present arrangement and, at the same time, would fill the gaps in protection that now occur. With Federal employment covered by both old-age and survivors insurance and civil-service retirement, old-age and survivors insurance protection would follow the worker who shifts between private industry and the Federal Government; he would always have at least the old-age and survivors insurance benefits to count on, and his benefit would include some retirement credit for his period of Federal service. The civil service retirement system would provide very substantial additional benefits if he made a career in the Federal service.

Furthermore, the fact that a worker is going to get an old-age and survivors insurance benefit could then be taken into account in the provisions of the civil service retirement system and unreasonable bonuses for those of us who qualify under both systems could be avoided. The retirement benefit amounts payable to the worker whose employment is divided between Government and industry would be related to his lifetime service instead of being left to chance.

The Department of Health, Education, and Welfare has been concerned with implementing the policy adopted by Congress of protecting the casual worker who moves from one job to another so that he is covered by old-age and survivors insurance and does not have to go on public assistance or relief.

The Congress has said that in order to protect these workers industry must cover them under old-age and survivors insurance irrespective of the benefits paid to their long-term employees. Does not the Federal Government have the same social responsibility to this casual short-time and intermittent worker? Some persons might say

that if the Federal Government wishes to take care of such workers it can do it through the extension of the present civil service retirement system. However, this is impractical and costly. It would mean that the career employee would be saddled with a cost for the short-time employee which would be high and is unnecessary in view of the simpler and less costly method afforded by old-age and survivors insurance.

For those who remain in Government employment during their entire working lifetime, as well as for those who do not, the survivorship protection afforded by OASI is an important reason for providing protection under both civil-service retirement and old-age and survivors insurance. Survivor protection under old-age and survivors insurance is based on quite different principles from those of most staff retirement systems.

Eligibility for old-age and survivors insurance survivor protection arises after 1½ years of employment under the program and full survivor benefits may be paid at that time. Survivor protection under civil-service retirement, by contrast, does not begin until after 5 years of service, and eligibility for this protection is immediately terminated upon separation from Federal Service.

Under civil-service retirement, moreover, the survivor benefits are, for most workers, very low for a considerable period of time after the necessary 5 years of service are completed; amounts build up slowly as the number of years of service increase. For this reason the survivor protection afforded by the civil-service retirement system is generally inadequate for younger workers, and these are the workers who generally need it most because they have young, dependent children and have had less opportunity to accumulate other resources.

I trust that I have made clear that the Department of Health, Education, and Welfare favors a strong civil-service retirement system for Federal employees that is both financially and administratively independent. This Department has no desire to hamper the civil-service system and has no desire to establish any relationship between old-age and survivors insurance and civil-service retirement which is any different from that existing between old-age and survivors insurance and some 20,000 private pension plans or between old-age and survivors insurance and certain State and local government retirement plans.

We believe that Federal employees should, like almost all other employees in the United States today, have the protection of old-age and survivors insurance. In view of the experience of large industrial employers, of nonprofit organizations and of the States and local governments in establishing an effective relationship between their staff retirement systems and old-age and survivors insurance, there is no doubt that such a relationship could be successfully developed in the area of Federal employment. Such a relationship would be established under a bill which, with the approval of the President, was recently sent to the Congress by the Civil Service Commission.

This administration bill, S. 3041, would solve the basic problem in the present situation. It would also provide a substantially higher level of benefits for Federal workers and would not involve significant increases in costs. We feel certain that when rank-and-file Federal employees understand the advantages of a plan providing for coverage under both social security and civil-service retirement they will wel-

come it, just as many State and local government retirement system members are now doing.

As this committee knows, the need for old-age and survivors insurance for Federal employees has been recognized by an objective and thorough study of the present retirement protection of Federal employees made during 1953-54 by the Committee on Retirement Policy for Federal Personnel created by the 82d Congress. The chairman of this Committee was appointed by President Truman. Its members were all outstanding people in the field.

The chairman and the Committee continued their work into the present administration. They consulted with experts from labor, industry, insurance companies, and unanimously adopted a recommendation for coordinating the civil-service retirement system with old-age and survivors insurance. The Committee summarized its recommendations as follows:

Old-age and survivors insurance coverage should be extended to employment subject to the Civil Service Retirement Act, with the civil-service retirement system modified to take into account that old-age and survivors' insurance benefits would be payable. This would considerably improve the overall retirement and survivor protection of Federal employees; strengthen the civil-service retirement system for the fulfillment of its essential role in the administration of the Federal Government; and eliminate serious inequities in benefit payments which now occur.

Similar recommendations have been made by other groups.

Since S. 2875 contains no provisions relating to the extension of old-age and survivors insurance to Federal employees, it would take no step toward solving the problems we have described.

The administration proposal to extend old-age and survivors insurance to members of the civil-service retirement system would correct the present fundamental difficulties and thereby make possible a considerable increase in the total retirement and survivor benefits of Federal employees at much less cost than would be incurred under S. 2875.

In summary, we believe that in the present situation the best method of improving the retirement and survivor protection of Federal employees is through a plan which would give them the basic protection of social security together with the benefits provided by a strong civil-service retirement system.

We are confident that the extension of social-security coverage to Federal employees would strengthen the civil-service retirement system for career employees by increasing their retirement and survivor benefits. At the same time it would enable the Government to fulfill the responsibility it has, in common with all other employers, to contribute toward retirement and survivor protection for the large number of people who serve the Government for but a relatively few years.

Extending old-age and survivors insurance coverage to Federal employment would meet the basic and urgent need to develop a reasonable relationship between the civil-service retirement system and old-age and survivors insurance.

Mr. Chairman, may I again express our appreciation of the opportunity to present our views. The Department of Health, Education, and Welfare is of course ready to provide any technical assistance that your committee may desire.

Senator LANGER. Senator Case, have you any questions?

Senator CASE. Thank you, Mr. Chairman.

You mentioned in your statement the experience with State and local governments in the coordination or integration of social security with their pension systems. I wonder if you could tell us a little bit about that.

Mr. SCHOTTLAND. Yes; I would be glad to, Senator.

Senator CASE. How general it has been and in general on what basis the integration has been made and whether it is on a basis comparable to that proposed by the bill introduced by Senator Carlson.

Mr. SCHOTTLAND. I would be very glad to discuss that. I have with me Mr. Robert Myers, the actuary of the Social Security Administration, and Mr. Alvin David, of the Bureau of Old-Age and survivors Insurance, who is on my left.

State and local subdivisions can develop any one of a number of plans or methods of coordination with old-age and survivors insurance. They can integrate the systems, they can have both running side by side, they can have both benefits paid without reference one to the other, or they can work out a joint coordination.

The total number of employees now covered under old-age and survivors insurance who are employees of State and local governments is in excess of 1,385,000.

Mr. BRAWLEY. What percentage of the total is that?

Mr. SCHOTTLAND. About 29 percent of the total of State and local employees.

Senator CASE. This is a process that has been going on a rather short time, has it not?

Mr. SCHOTTLAND. Yes.

Senator CASE. When was it first authorized?

Mr. SCHOTTLAND. On a limited scale in 1951, but in 1954 it was liberalized so that it was possible to have them both running side by side. Previous to that they could not be covered, so that, really, you might say that only since 1954 has it really been in full operation.

Mr. DAVID. May I say one little bit more on that? Technically it was possible to cover the employees of State and local governments under old-age and survivors insurance before the 1954 amendments to the Social Security Act, but the process was very cumbersome and very difficult because it involved the abolition of the existing State and local retirement system before coverage could be obtained under old-age and survivors insurance.

The law at that time said no employee in a position which is covered by a State and local retirement system can be covered under old-age and survivors insurance and when there was the interest in coverage on the part of both employees and the governments, many of them went through what was a loophole in the existing law at that time. By abolishing their retirement system and as of the date at which they came in to get old-age and survivors insurance coverage under the agreements that the law provided for they did not have a State and local retirement system in effect, and they got old-age and survivors insurance coverage and then in all cases, except perhaps one where they had a very, very illiberal retirement system, in all the other cases they reestablished a new retirement system on top of the existing old-age and survivors insurance protection.

So that it is after the 1954 amendments that it became possible only after the 1954 amendments which went into effect January 1955 before it became possible to get old-age and survivors insurance coverage while you had in existence a State and local retirement system.

Mr. BRAWLEY. Have any States considered the problem and turned it down or rejected it?

Mr. SCHOTTLAND. Yes, one State has. There have been 46 considerations upon which we have final reports. These considerations go on every day, practically every week someone comes into the office to try to work out arrangements. Of the 46, 43 voted to have OASI, 3 did not. Of the 3 who did not, 2 of them had less combined total of 135 employees involved. The one large one was the State of California, but since that is my State I would like to say that it is very easy to defeat any bill if you put enough objectional features into it, and in the case of California it was not a bill similar to S. 3041 which increased total benefits, it was a bill which would have saved substantial money for the State treasury and not given the employees substantial increase in benefits. It is my conviction that if a bill had been introduced similar to the hundreds of other arrangements with other political subdivisions, the result would have been different.

Senator CASE. Under the present social-security law coverage of employees in State and local retirement systems depends upon affirmative action by a certain percentage of the covered personnel; is that not right?

Mr. SCHOTTLAND. That is right.

Senator CASE. What is it?

Mr. SCHOTTLAND. Two-thirds.

Senator CASE. Action by the State government?

Mr. SCHOTTLAND. Action by the employees.

Senator CASE. Affirmative action by the State government and affirmative action by half of the covered employees?

Mr. SCHOTTLAND. That is right.

Senator CASE. Can you tell us a little bit more, as much as you think might be helpful to us, of the terms on which these integration operations have been conducted? Is this bill a relatively comparable one to what most States and local governments have done?

Mr. SCHOTTLAND. Yes, it is. Of course, they vary all over the lot, but I would say this was quite comparable to what the median type of arrangement would be.

Senator CASE. Well, our counsel asked certain questions of the witnesses before you, I guess you heard most of them, pointing up certain respects in which certain instances individuals might be less well off than otherwise. Are those instances—would they generally be applicable to the integrated systems of most of the States and local governments that you know about?

Respective loss of certain withdrawal rates, and so forth?

Mr. SCHOTTLAND. If I might start back, Senator, to discuss that question. I think the questions related to what happens when a person withdraws from the system and the question was asked, would he get out all that he pays in? That is not, it seems to me, a fair question, because he does not pay it into a retirement system entirely, he pays in part of that money as insurance for which he has from the time he joins the system continuous insurance protection so that it is just like an insurance policy in a private company where you might have an-

nuity features to it. Part of it goes to the annuity and part of it goes to the current basic protection.

All during this period of time, if the person has paid in, he has had protection for his family and other protection for himself. So that it is not fair to say that because he pays in 6 percent and does not get 6 percent out he is losing something because all during that period of time he has had a protection far in excess of anything he now gets under civil-service retirement.

Senator CASE. But, it is true that when a person makes a deposit under a certain system with withdrawal benefits that up to the time a change is made he has been able to withdraw, as it stands under our system now, his deposits plus a certain established interest rate and I think that there is a difference between what has been put in before a change is made and what has been put in after. I think there is some legitimacy to that point.

Mr. SCHOTTLAND. It is my understanding that he would get out all of the money he had put in before the change was made.

Senator CASE. I just want to make that part clear, that under Senator Carlson's bill everything put in up to the time of a changeover, if one should occur, would still be withdrawable.

Mr. SCHOTTLAND. Certainly.

Senator CASE. Plus interest on the rate in effect up to that time.

Mr. SCHOTTLAND. That is correct.

Senator CASE. And in addition the percentage of his future contribution allocable to Federal retirement, plus interest, presumably at the same rate?

Mr. SCHOTTLAND. That is correct.

Mr. DAVID. May I say another word on that same question, Senator?

Senator CASE. Certainly.

Mr. DAVID. In addition, you might want to consider in addition to the survivor protection that Mr. Schottland mentioned, the fact that under the old-age and survivors insurance system when a person leaves his employment—let us say, his employment with the Federal Government—if that employment were covered he would carry with him the retirement rights that he had earned by the payment of those contributions; he would have not only the survivorship protection that he has had all along up until this point, but he would retain the rights to retirement benefits that he had accumulated and carry those on to his next employment. So that is one thing to be taken into account.

Then the other thing I would say is the fact that it is possible, under any kind of retirement system, to pay larger retirement benefits to those who stay in the system until retirement age, if you do not make a refund to those who leave before that time. So that under the old-age and survivors insurance system, for instance, it would be possible to say to a person who left covered employment before age 65, "We will give you your money back. We will not give you any deferred rights to retirement protection. We will not give you that which is more expensive and more valuable. We will just give you your money back." But, in order to do that you have to reduce the contributions available or the money available to the fund from which retirement benefits are paid.

In other words, you have to make a policy choice as between paying large enough retirement benefits on the one hand or using some of the money that could go to larger retirement benefits to pay a refund of whatever contributions you might say in view of the survivors protection that had been developed, whatever refund there might possibly be paid to this individual who left covered employment.

Senator CASE. Mr. Chairman, there is one specific question that our counsel asked previous witnesses in regard to the effect of the present limit on earned income as disqualifying a person from social-security benefits.

In the integration of State and local pension plans in general, what has been done in regard to that problem? I am thinking now of teachers and other people who have had small incomes and who look forward to retirement but not to stopping work because their pensions have been pretty low and I wonder whether in most cases retired people of that sort have been able, under the integrated systems in which they are, to continue to earn money without this disqualifying provision?

Mr. SCHOTTLAND. Well, I might say that that retirement provision would apply to all earnings under OASI whether they are part of a governmental system or not. However, I would like to make two comments on that.

First, the purpose of that retirement provision. Congress could have gone 1 of 2 ways. It could have said, we will have no earnings test. This would be a straight annuity after 65. In that case Congress would have had to either increase the premium or to reduce the benefits. This was one way of saying we want to give the maximum benefit to our survivors and the maximum benefit to persons retiring who have no other source of income and a lesser benefit to persons who have a small income and no benefit to those who have a more substantial income, so that a person, let us say, who makes \$1,300—if I might pick up the question that was asked before—the answer was not quite correct. That person would only be denied 2 months, he would be penalized for 2 months. He would get his full remaining 10 months OASI.

I would also say at this time for the record that the 2 States which the 2 Senators present here represent, North Dakota and New Jersey, have an integrated system with OASI for their employees.

Mr. BRAWLEY. Mr. Schottland—

Senator CASE. May I just ask another question along this point?

I do, of course, understand the purpose of the disqualification of whether it is a sound one and whether the limit ought to be increased as aside from our present discussion, but my question directly is, Do these States or localities compensate for that in the case of large groups of employees whom I myself know who have counted on a period of activity in other lines or do most of these States' integrated plans not make compensation for that, as far as you know?

Mr. SCHOTTLAND. I think that in most of the States the combined protection is so substantially larger that even with the withdrawal of OASI, if a person continued working, the amount the person would get would be more or less the same as he would have gotten without integration with OASI. I think that is a fairly general pattern.

Senator CASE. So far as you know, the States do not compensate for that in their integrated plans?

Mr. SCHOTTLAND. I do not think most of them do.

Senator LANGER. Mr. Schottland, would it be possible for you to come back tomorrow morning at 10 o'clock. There are a lot of questions we wanted to ask you and it is 12 o'clock. If you could be here at 10 o'clock tomorrow morning we would appreciate it. We have to adjourn now, it is 12 o'clock.

Mr. SCHOTTLAND. Certainly, I will be glad to be here.

(Whereupon, at 12:05 p. m., the subcommittee was adjourned to reconvene at 10 a. m., Thursday, February 2, 1956, in room 135, Senate Office Building.)

CIVIL SERVICE RETIREMENT

WEDNESDAY, FEBRUARY 8, 1956

UNITED STATES SENATE,
COMMITTEE ON THE POST OFFICE AND CIVIL SERVICE,
CIVIL SERVICE RETIREMENT SUBCOMMITTEE,
Washington, D. C.

Met, pursuant to notice, at 10 a. m., Hon. W. Kerr Scott (chairman of the subcommittee) presiding.

Present: Senators Scott (presiding) and Case.

Staff members present: H. W. Brawley, executive director and J. Don Kerlin, assistant staff director.

Senator SCOTT. The meeting will please come to order.

Mr. BRAWLEY. Mr. Chairman, the first witness will be Capt. Charles Brooks, Secretary of the Academic Board, United States Naval Academy.

Senator SCOTT. All right, Mr. Brooks.

Captain BROOKS. Good morning, Mr. Chairman.

Senator SCOTT. Good morning. We are glad to have you with us.

Captain BROOKS. I would like to read a statement I have prepared.

Senator SCOTT. Give your name for the record.

STATEMENT OF CAPT. CHARLES B. BROOKS, JR., SECRETARY TO THE ACADEMIC BOARD, UNITED STATES NAVAL ACADEMY, ANNAPOLIS, MD.

Captain BROOKS. I am Capt. Charles B. Brooks, Jr., Secretary of the Academic Board, United States Naval Academy. I am appearing before the committee as the Department of the Navy witness only on section 2 of S. 2875.

Section 2 would implement the recommendation of the Committee on Retirement Policy for Federal Personnel (the Kaplan committee) that the members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School be brought under the civil-service retirement system. This section is similar to a Department of Defense proposal which was sent to the President of the Senate on January 9, 1956, and referred to your committee.

Retirement and retirement annuities for the members of the civilian faculties of the Naval Academy and the Naval Postgraduate School are now provided by the act of January 16, 1936, as amended, which is administered by the Department of the Navy.

The act of January 16, 1936, requires that, as a part of their contracts of employment, the members of the civilian faculties of the Naval Academy and the Naval Postgraduate School carry during

their employment a deferred annuity policy having no cash surrender or loan provisions. These contracts are carried with the Teachers Insurance & Annuity Association of America. Each of these employees is required to register with the Navy Allotment Office a monthly allotment equivalent in amount to 10 percent of his monthly basic salary and for each monthly allotment so registered the Department of the Navy is required to credit the employee's pay account, from appropriations made for this purpose, with a sum equivalent to 5 percent of his monthly basic salary. The annuities provided are at the rate of $1\frac{3}{4}$ percent of the employee's average salary during any 5 consecutive years multiplied by the number of years of his service, and where the annuity purchased from the Teachers Insurance & Annuity Association does not equal that amount, the Department of the Navy is required to pay such additional amount as will bring the annuity to that amount.

The members of these faculties who were so employed on January 16, 1936, were permitted upon request to participate in these retirement benefits. The act of January 16, 1936, was amended in 1943 and again in 1946 in an effort to bring it in accord with the then provisions of the Civil Service Retirement Act. Since 1946, however, the Civil Service Retirement Act has been extensively revised to increase its benefits while no corresponding revision has been made in the act of January 16, 1936. There are at present 196 members of the civilian faculty of the Naval Academy and 134 members of the civilian faculty of the Naval Postgraduate School.

Subsection (a) of section 2 would bring the present civilian faculty members of the Naval Academy and the Naval Postgraduate School under the terms of the Civil Service Retirement Act.

Subsection (b) of section 2 makes special provision for their deposit with the civil-service retirement and disability fund to cover their service before such transfer. In lieu of the deposit prescribed under section 4 (c) of the Civil Service Retirement Act, each faculty member would be required to deposit within 6 months after the bill was enacted, to cover past service, a sum equal to the repurchase price of that portion of the annuity policy carried by him with the Teachers Insurance & Annuity Association which was purchased in accordance with the requirements of the act of January 16, 1936. Should the deposit not be made within the 6 months' period no credit would be allowed under the Civil Service Retirement Act for service as a civilian faculty member of the Naval Academy or Naval Postgraduate School after July 31, 1920, and prior to the date the bill was enacted.

The total amount of the repurchase price of the contract of the civilian faculty members as of January 1, 1955, was computed at \$1,458,248. The amounts which would be contributed under section 2 represent approximately 10 percent salary deductions during the period covered, 5 percent of which was paid by the faculty member and 5 percent by the Department of the Navy. Thus the faculty member's contribution to the annuity contract with the Teachers Insurance & Annuity Association and that of the Government would be deposited with the civil-service retirement and disability fund.

The Teachers Insurance and Annuity Association contracts do not provide any cash surrender provisions and hence cannot be repurchased except at the agreement of the individuals and the Teachers

Insurance and Annuity Association. The Teachers Insurance and Annuity Association has agreed to repurchase the contracts provided that the subject proposed legislation is enacted during this session of the Congress.

Briefly the advantages of bringing the civilian faculties under the civil-service retirement system include the following:

(1) Service which may be credited under the civil-service retirement system includes military service. Such service may not be credited under the January 1936 act. Since many of the members of the civilian faculties have served periods of military service they are thus handicapped under the present retirement system as compared with the civil-service retirement system;

(2) The maximum annuity under the January 1936 act is limited to 50 percent, while under the civil-service system it may reach 75 percent;

(3) The civil-service retirement system provides much more liberal benefits for survivors of employees who die in service; and

(4) Enactment of this bill will eliminate the necessity of separate legislation to keep the civilian faculties abreast of changes in the civil-service retirement system.

The Department of the Navy strongly recommends enactment of section 2 of S. 2875 or of a similar proposal.

Mr. Chairman, I have Professor Hawkins and Professor Shields of the Naval Academy faculty here with me and we would be delighted to answer any questions we may be able to.

Senator SCOTT. Thank you for the statement.

Any questions any member of the staff would like to ask?

Mr. BRAWLEY. I have no questions, Mr. Chairman. Similar legislation has been officially proposed by the Department of the Navy through the President and the Bureau of the Budget to the Vice President and the Speaker of the House. That request is pending before this committee, but it was also embodied in S. 2875.

Senator SCOTT. Thank you very much.

Captain BROOKS. Thank you very much.

Senator CASE. May I ask a question?

Senator SCOTT. Yes, Senator Case.

Senator CASE. Captain, do you know whether the situation as applicable to the Naval Academy is also applicable in general to the Military Academy and the Air Force Academy?

Captain BROOKS. No, sir; it is not. It is entirely different legislation and laws.

Senator CASE. Could you explain just generally what the differences are?

Captain BROOKS. I cannot tell you too much about the West Point laws because I am not too familiar with them.

Mr. HAWKINS. Might I say West Point does not have civilian faculty members, except for a very few language instructors.

Senator CASE. Your faculty are generally, are they not, civil service?

Captain BROOKS. No, sir; they are under an excepted status, they are Government employees.

Senator CASE. And the contracts are generally how long or do you have that as in regular—that is to say, in civilian institutions of higher

learning do you have a system of tenure after you reach associate professor?

Captain BROOKS. After 3 years in the grade of associate professor the member is given annual.

Senator CASE. This does not relate to any recommendations of academic tenure, so far as you can tell it is satisfactory at the present time?

Captain BROOKS. It is.

Senator CASE. No questions, sir.

Senator SCOTT. Thank you very much.

Mr. BRAWLEY. Mr. Chairman, the next witness is Jerome J. Keating, vice president of the National Association of Letter Carriers.

While Mr. Keating is taking his seat I think the record should show that in the opinion of the staff and many of the members of this committee Mr. Keating is considered an expert authority on retirement, the retirement system for Federal employees generally, and I think his statement will prove to be very valuable to the committee in this study.

Senator SCOTT. As far as your statement is concerned unless you want to read it, if you want to submit it for the record that will be all right.

Mr. KEATING. I would like to read it, sir.

Senator SCOTT. All right.

STATEMENT OF JEROME J. KEATING, VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF LETTER CARRIERS

Mr. KEATING. My name is Jerome J. Keating, I am vice president of the National Association of Letter Carriers, an organization having a membership of 105,000 located in every State of the Union, Hawaii, Puerto Rico and Alaska.

I am accompanied by Jeter J. Cahill, secretary, and R. B. Kremers, the assistant secretary of the National Association of Letter Carriers. President Doherty would have been with us this morning but he has recently returned from a trip to Brazil where he went with the official Government delegation to the inauguration of President Kubitschek. The delegation was headed by Vice President Nixon and on the way back he stopped off to attend the A. F. of L. council meeting in Miami.

I am also chairman of the retirement committee of the Government employees' council of the A. F. of L.-CIO, a council composed of organizations representing more than 500,000 Federal and postal employees. The statement I am about to present reflects the thinking of the 105,000 members of my own association, as well as the 500,000 members making up the constituent membership of the Government Employees' Council.

First, Mr. Chairman, I want to express our deepest thanks to the distinguished chairman of the Committee on Post Office and Civil Service, Senator Olin D. Johnston, for introducing in the Congress S. 2875, an excellent bill that will make some sorely needed improvements in the Civil Service Retirement Act.

I also want to express my appreciation on behalf of those I represent to the distinguished members of this committee for affording me this opportunity to present our views on this important legislation.

Specifically, Mr. Chairman, the Johnston bill, S. 2875, improves the Retirement Act by providing a new formula to be used in computing annuities, it affords substantial improvements in survivorship benefits, and establishes a minimum annuity for those who retire on disability.

The need for legislation improving the civil-service retirement law is clearly shown by the fact that 79.7 percent of all annuitants on the rolls as of June 30, 1953, received annuities of less than \$2,000, and 49.9 percent received annuities of less than \$1,500. These annuities were increased by the passage of legislation in this Congress, providing a 12 percent increase on the first \$1,500 and 8 percent on the amount above \$1,500. Even with this increase, 49.9 percent of those on the annuity rolls draw \$1,680 or less.

A new formula to provide a larger annuity is badly needed to provide a standard of living in keeping with the present-day American standard of living.

Under our present law, an employee reaching retirement age must take a substantial decrease in his annuity to provide survivorship benefits. Because of this fact, 1 out of every 3 of those who are eligible to select survivorship benefits fail to do so, simply because they need all of their annuity to live on. Those who fail to select survivorship benefits are generally those in the lower salary brackets where the need for survivorship protection is much greater.

Before considering S. 2875, the Johnston bill, Mr. Chairman, we wish to make some pertinent observations relative to the recommendations presented to this committee on behalf of legislation to implement the Kaplan report.

The Kaplan Committee was provided for in S. 2968, a bill sponsored by Senators Smathers and Duff and passed in the 82d Congress. The report accompanying S. 2968 carried the following statement:

Section 2 of the bill would create a Committee on Fiscal Policy for Federal Civilian Retirement Systems, its members being the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and the Director of the Bureau of the Budget. This Committee would survey existing methods of determining and funding the Government's cost of these retirement systems and make reports and recommendations to Congress, on or before June 30, 1954, as to the methods of financing which will result in the proper discharge of the Government's liabilities.

The Chairman of the Civil Service Commission has on several occasions expressed the opinion that the civil-service retirement system should be financed on a fully funded reserve basis, that is, that there should be sufficient money in the fund to meet all obligations to persons already retired and now in service. The committee is not convinced that this is the proper and best method. For this reason the bill contains the provision for a special committee of fiscal experts to make a thorough study of the existing methods of financing civilian retirement systems, and report to Congress not later than June 30, 1954, with recommendations as to the method or methods to be adopted.

That is the end of the quotation.

The idea of a committee to determine how a Federal-operated retirement plan was to be financed was conceived in the Smathers subcommittee. This was to have been the primary function and objective of the committee that came to be known as the Kaplan Committee.

No hint of coordination or the necessity for coordination was suggested in either the report or in the bill, but it was clearly evident to those of us who met with Mr. Kaplan shortly after his Committee was formed that the main goal of the Committee was coordination.

Outside of the compilation of a great deal of statistical data, the only achievement of the Kaplan Committee was to resurrect the bones of an oft-proposed and oft-interred plan—coordination of civil-service retirement and social security. The garb is slightly altered—"The voice is Jacob's voice, but the hands are the hands of Esau." I hold in my hand 2 documents, 1 dated December 15, 1943, put out by Mr. Arthur J. Altmeyer, Chairman of the Social Security Board, titled "The Extension of Coverage Under the Old-Age and Survivors Insurance Program to Federal Civilian Employees." Fundamentally, there is little difference between this plan and the Kaplan plan—the Kaplan plan is a modernized version, dressed in sheep's clothing, perhaps, but "Grandma, what big teeth you have!"

The second plan is contained in a letter dated March 22, 1951, directed to Mr. I. W. Labovitz of the Bureau of the Budget, and signed by W. L. Mitchell, Acting Commissioner of Social Security. Basically, it is like the other two, but is a little more forthright. It declares its purpose to make civil-service retirement a supplementary system—no sheep's clothing here.

The plan of the Smathers committee was an excellent one. We endorsed it. Little did we dream that it would fall far short of its mark and wind up only with a proposal for coordination. Here we have the 1943 plan; we could have taken it up then. We wind up 13 years and 217,800 dollars later with exactly the same program.

But what about the necessary blueprint for financing the fund, to take the financing out of the arena of conflict and put it on a stabilized basis? Yes, the Kaplan Committee did make a recommendation as to the method of financing in part 4 of the report. Lacking the assurance that it possessed in recommending coordination, the committee confessed its inadequacy when it came to setting up a method of financing; declared the committee:

The Committee on Retirement Policy for Federal Personnel was given only a limited period and limited funds to complete this study. Accordingly, most of the valuations made pursuant thereto were necessarily of an approximate nature and frequently involved actuarial assumptions and shortcuts.

The committee recommended a normal cost-plus-interest method of financing. It is interesting to observe what happened to the recommendation of the committee on its torturous journey through the Bureau of the Budget, the General Accounting Office, and other Government agencies.

I was informed last July that the recommendations of the Kaplan Committee on financing would be sent to the Congress that month. The battle of financing, however, was not resolved in administrative circles until a few weeks ago—and when normal cost-plus interest emerged, you would have thought it was a survivor of the Hiroshima blast. The recommendation is unrecognizable and useless. The provisions in the present law, as general and vague as they are, stand out above the provisions of S. 3041 as being exact and specific. S. 3041 provides the following method of financing:

(b) The Commission shall submit estimates of the appropriations necessary to finance the fund and to continue this Act in full force and effect. At the time of submission of such estimates, there shall be submitted to the President, for his consideration in connection with the preparation of the budget for each year, information on (1) the normal cost of financing the fund on a reserve basis, and (2) one year's interest on the unfunded accrued liability.

The end of the section.

The present law sets forth the following rule :

SEC. 16. The Civil Service Commission is hereby authorized and directed to select three actuaries, one of whom shall be the Government's actuary, to be known as the Board of Actuaries, whose duty it shall be to annually report upon the actual operations of this Act, with authority to recommend to the Civil Service Commission such changes as in their judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis, and they shall make a valuation of the "civil-service retirement and disability fund" at intervals of five years, or oftener if deemed necessary by the Civil Service Commission; they shall also prepare such tables as may be required by the Civil Service Commission for the purpose of computing annuities under this Act. The compensation of the members of the Board of Actuaries, exclusive of the Government actuary, shall be fixed by the Civil Service Commission. * * *

The Civil Service Commission shall submit estimates of the appropriations necessary to finance the retirement and disability fund and to continue this act in full force and effect.

A more specific provision is certainly required than the circuitous provisions of the present law and the proposals contained in S. 3041, that permit administrative evasion of the Government responsibility. Certainly a proposal such as is found in S. 3041, wherein one man, the Director of the Bureau of the Budget, shall decide what program will be followed, is most dangerous.

Awaiting the portentous recommendations of the Kaplan committee, the Congress made only a token appropriation in 1954, and in 1955 the Bureau of the Budget recommended a similar token appropriation, thereby increasing the deficiency of the fund. In 1956, the Bureau of the Budget again failed to submit a request for an appropriation. The Subcommittee on Appropriations headed by Congressman Thomas of Texas insisted that money be appropriated.

The one significant and apparently only worthwhile recommendation of the Kaplan committee was that the fund be financed on a normal cost-plus-interest basis. We can support that recommendation. This recommendation could not survive administrative analysis and fell victim to budgetary expedience.

Let us take a look at the history of the civil service retirement fund. The attached table tells the history of the civil service retirement fund up through 1954. The salary deductions paid by the employees have been sufficient to pay all benefits. The total benefits have amounted to something over \$3 billion and the contributions by the employees since 1921 have amounted to \$4,549,642,868.74. The total of all disbursements have amounted to a total of \$3,733,019,822.66. The Government has appropriated a total of \$3,362,619,829.63. The deficiency in the fund is due principally to the failure of Congress to appropriate the necessary amount of money for the fund. What the exact deficiency is no one can state with any degree of assurance—the Board of Actuaries used the figures of the Committee on Retirement Policy for Federal Personnel, the Committee in turn complained that their figures were based on assumptions and projections.

In presenting their report on June 30, 1954, the Board of Actuaries offered the following comment :

This report, which has been prepared as of June 30, 1954, is the 34th Annual Report of the Board of Actuaries. A regular valuation of the fund is long overdue. The last regular quinquennial valuation of the fund to be prepared under the supervision of the Board of Actuaries was made as of June 30, 1940, and the appropriations for collecting the necessary records and making subse-

quent quinquennial valuations as called for under the law have not been available. In connection with the work of the Committee on Retirement Policy for Federal Personnel, a valuation of the fund was prepared as of June 30, 1953, based on the records of a special 5-percent sample of all employees. Since the valuation so prepared is the latest valuation available, the Board has summarized the results of this valuation in this report and has based thereon its recommendations regarding the annual appropriations payable by the Government.

The Board of Actuaries estimated that the deficiency of the fund as of June 30, 1953, was \$9,911 million.

Commenting on the condition of the civil service retirement fund, the Committee on Retirement Policy for Federal Personnel made the following observation:

The \$5.6 billion of funds on hand at the end of the fiscal year 1953 is about twice as large as the \$2.7 billion liability for paying benefits to currently retired employees and survivor beneficiaries. If there is added to the latter amount the total accumulated contributions—with interest—for employees in active service, the total is \$5.9 billion, or somewhat more than the existing funds on hand.

The recommendations of the Board of Actuaries regarding contributions to the fund have been disregarded by the administrators of the fund during its earliest years; by Congress in some instances; and by the Bureau of the Budget through budgetary convenience. The following table shows the amounts recommended by the Board of Actuaries since the establishment of the retirement fund:

Appropriations recommended by the Board of Actuaries

1921-27-----	¹ \$144, 000, 000	1942-----	\$135, 710, 871
1928-----	20, 106, 229	1943-----	413, 741, 513
1929-----	20, 614, 844	1944-----	455, 459, 044
1930-----	37, 616, 827	1945-----	458, 578, 155
1931-----	38, 000, 000	1946-----	² 426, 638, 078
1932-----	44, 500, 000	1947-----	308, 058, 000
1933-----	52, 053, 664	1948-----	362, 050, 000
1934-----	69, 147, 654	1949-----	389, 132, 250
1935-----	72, 392, 000	1950-----	349, 096, 800
1936-----	74, 244, 417	1951-----	381, 891, 108
1937-----	86, 329, 509	1952-----	377, 760, 400
1938-----	90, 754, 142	1953-----	³ 397, 519, 200
1939-----	100, 911, 562	1954-----	691, 066, 800
1940-----	105, 258, 278		
1941-----	140, 288, 307	Total-----	6, 242, 899, 652

¹ Estimated.

² Amount subsequently adjusted because of passage of Public Law 426.

³ Amount adjusted on basis of 3 percent interest assumption by Kaplan committee to \$663,956,800.

For the years 1921 through 1927 I lacked some of the figures and I had some. The first year they recommended \$14 million, on the third report they recommended \$24 million, so we estimated \$18 million which is very conservative on the basis of the recommendations and by referring to the total of the amount recommended for appropriation by Congress by the Board of Actuaries is \$6,242,899,652.

By referring to the chart previously mentioned you will see that the actual amount appropriated by the Congress for the 34 years of operation is \$3,362,619,829.63, and the amount recommended by the Board of Actuaries to be appropriated was \$6,242,899,652. To summarize, the appropriations were \$2,880,279,822.37 less than the amounts recommended by the Board of Actuaries. If you add to this

sum the compound interest that was lost to the fund, you have an extremely large amount of money.

It is extremely difficult for employees under the civil service retirement system to understand why our system is singled out for attack. Perhaps it is because we do have the best operated plan in Government.

The following short tables shows the percentage of normal payroll costs of the following various funds, the percentage contribution of the employees, and the unfunded liability.

(The above-mentioned table is as follows:)

Fund	Number of employees	Normal cost (percent)	Percent contributed by employee	Percent payable by Government	Unfunded liability
Civil-service retirement.....	1, 660, 300	11. 15	6. 00	5. 15	\$9, 911, 000, 000
Federal judiciary.....	300	19. 72	None	19. 72	8, 500, 000
Uniformed services.....	3, 500, 000	9. 49	None	9. 49	18, 000, 000, 000
Foreign Service.....	1, 463	25. 00	5. 50	19. 50	36, 000, 000

Mr. KEATING. There are 1,660,300 employees under civil-service retirement, the normal cost, according to the last valuation of the fund was 11.15 percent; the employees contribute 6 percent and the Government pays 5—their liability is 5.15 percent. The unfunded liability is \$9,911 million.

In the Federal judicial plans it only covers 300. The normal cost is 19.72 percent of the payroll, no contribution by the employees and the unfunded liability amounts to \$8,500,000.

There are 3,500,000 under the Uniformed Services Act, the normal cost of that plan, according to the Kaplan committee, is 9.49 percent and the unfunded liability is \$18 billion, which is twice the unfunded liability of the civil-service retirement fund.

Foreign Service, there are only 1,463 employees, the normal cost is 25 percent, the employees contribute 5.50 percent, the Government pays 19.50 percent and they have an unfunded liability of \$35 million.

The coordinated program presented by the Kaplan committee is not new. It has been presented and rejected many, many times. The Federal employees have the following sound substantial reasons for opposing coordination.

The civil-service retirement system was established by a law passed by Congress on May 22, 1920. This law was enacted after long efforts on the part of postal and Federal employees. Our association, the National Association of Letter Carriers, was organized in 1889. In the call issued for the organization convention, one of the fundamental objectives was to establish a retirement plan. A tremendous amount of effort went into the enactment of that law; many proposals were explored and rejected. The law that was finally enacted was one of the earliest and one of the finest retirement programs in existence anywhere. It has since been improved many times by careful amendment.

With the advent of social security in 1936, there has been a continued, persistent, and consistent effort on the part of certain people in Government and out of Government to coordinate the two systems. Basically, the programs are different. The Civil Service Commis-

sion, in a report published February 19, 1952, made the following pertinent observations:

In the first place, the civil-service contribution is an individual, guaranteed savings fund. The employee or his survivors will receive, in the form of annuities, lump-sum payment, or a combination of these, at least as much as he has contributed, plus compound interest. Nobody loses; the worst you can do is break even.

On the contrary, the social-security tax is just that—a tax. You never get it back. You may—or may not—get back benefits equal to it. Persons who shift to employment not covered by social security can lose every penny of taxes paid. Young women who, prior to marriage, work less than 10 years under social security acquire no old-age benefit rights unless they have subsequent covered employment.

It might be well to point out the motives that impel some to support coordination. In the report of the Committee on Retirement Policy for Federal Personnel, a quotation is presented from a speech made by Mr. Frank B. Cliffe, at the New England Conference on Social Security on October 27, 1953. The committee presented only a portion of his remarks. The quotation used placed him squarely in favor of coordination, but failed to include the following significant statement that tells why he favors coordination. Declared Mr. Cliffe:

The immediate coverage under the Old-Age and Survivors' Insurance Act is advocated to eliminate the competition between the systems for political favor through repeated alternate liberalizations at the expense of the taxpayers.

Mr. Cliffe, and his associates, as well as many others, favor a program of coordination of all retirement plans with social security and advocate that social security be placed on a pay-as-you-go basis, so that the people will feel the cost, and benefit payments will not be liberalized.

On the pay-as-you-go basis the U. S. News & World Report this past week reported that the social security paid out \$5 billion and their receipts and contributions from employees and employers was only \$5,700 million. So, they are fairly close to being on a pay-as-you-go basis right now.

The civil-service retirement——

Senator CASE. Excuse me. Did that figure of receipts include interest, do you recall?

Mr. KEATING. They did not break it down and the reason I am giving my source is that I have not had a chance to look into it. I was curious on that, too, but that was the exact quotation in the U. S. News & World Report.

Senator CASE. Thank you.

Mr. KEATING. The civil-service retirement system is in a far better financial condition than social security. Benjamin B. Kendrick of the Life Insurance Association of America makes the following observation on social security:

To begin with, most people probably consider the \$20 billion now in the trust fund to be a very large reserve. Indeed, the seeming magnitude of this sum undoubtedly serves as an incitement to proposals for benefit liberalization. * * *

Actually, the amount in the fund is wholly inadequate to cover the benefits the system will sooner or later have to pay, under present law, on account of OASI wage credits already acquired by participants. Prior to the 1954 amendments, the "deficit," which existed in this sense, amounted to some \$200 billion. The amendments this year added a new "deficit" of about \$50 billion, so the total "deficit" is now around \$250 billion and increasing, for the time being, year by year.

Mr. Kendrick goes on to predict that the payroll costs of social security will eventually amount to 12, 14, or 16 percent of the payroll.

The Kaplan committee contended that their proposals, as contained in the Carlson bill, would increase benefits and reduce costs. This statement is obviously specious to the most casual observer and is roundly scored by the Board of Actuaries for the Civil Service Commission, who declare:

The committee states that immediate savings would accrue to both employees and Government through the adoption of a coordinated plan. Employees would reduce their contributions to the retirement fund on compensation up to \$4,200 to 3½ percent but continue to pay 6 percent on the excess. As increases in the social-security taxes take place, the combined contribution on the compensation up to \$4,200 would exceed the present 6 percent rate. Under the social-security law as now written the taxes will gradually increase until the maximum tax is reached in 1975 and at that time employees would pay 7½ percent on compensation up to \$4,200. By graduating the taxes in this way the social-security law defers to the future the payment of the full cost of social-security benefits. In the case of employees retiring in the near future the taxes payable by them and in their behalf do not begin to pay for the benefits they receive. Their costs are met by future increases in taxes payable for and by the younger employees.

If at present the Government were making the full normal contribution to support retirement benefits plus at least interest on the deficiency there would probably be some immediate reduction in current appropriation through coordinating the retirement plan with social security. The committee estimates that there would be a reduction in the normal percentage rate payable by the Government from 5.15 percent of payroll to 3.72 percent and that at the same time the deficiency would be reduced about one-third. However, it does not seem proper to refer to a saving in relation to an appropriation which is not being made. The Government's share of the cost of the existing benefits is not being met and since the ultimate combined benefits to employees would be increased by coverage under the social security act the ultimate outlay of the Government will be greater under the coordinated plan than under the existing plan. Coordination would simply mean transferring some of the Government obligations which now have to be met under the retirement plan to the social-security act.

Essentially, S. 3041, the Carlson bill, is a moratorium on retirement liberalization. The alleged increases in annuities would not be available to any career employee without previous social-security coverage until 1962. The Kaplan Committee estimated that the coordinated plan would reduce the "unfunded accrued liability" of \$10,670 million—the estimate of the unfunded liability by the Kaplan Committee is \$759 million greater than the estimate of the Board of Actuaries—to \$7,092 million. Obviously, the assumption is that the liability is being transferred to OASI. The civil-service retirement fund actually would receive a severe blow if this transfer is made. The immediate liabilities are reduced but slightly and the income of the fund is being reduced by 2½ percent of payroll on the first \$4,200 or 41.6 percent of the employee contribution on the first \$4,200 of the individuals paid. The immediate effect on the fund will be a continuation of expense and a reduction of income.

The civil-service retirement fund is much stronger financially than social security. According to figures quoted previously in this statement, the civil-service retirement fund has assets equal to 36 percent of the amount needed for a fully funded plan. Social security on the other hand, has assets equal to only 8 percent of the amount needed for a fully funded plan. Percentage-wise, the civil-service retirement fund is 4½ times as well off as social security. There is little wonder that the civil-service employees are fearful of being "gobbled up" by OASI.

We are fully convinced that the passage of S. 3041, the Carlson bill, would lead to the ultimate elimination of the civil-service retirement system. The Kaplan Committee in their initial proposal reduced the benefits under the civil-service retirement system. We know what has happened in industry. In industry, there are two types of supplemental programs—the additive plan and the integrated plan. In the latter program, a certain benefit is defined—if social security is liberalized, the staff pension benefits paid by the firm are reduced.

In the testimony presented the other day, much was made of the fact that a few State and municipal plans had elected to coordinate with OASI. Many of the plans where this selection was made were teacher plans, where pitiful pensions were being paid and a dollar from any source was gratefully received and eagerly sought. The firefighters, on the other hand, who have long been interested in retirement and have good retirement programs, have consistently fought integration of their plans with OASI. We are also well aware of the fact, that in some instances, coordination has been forced on the employees by municipal governments by the simple expedient of reducing the benefits paid by the employee systems.

We have some further sound reasons for resisting coordination in any form. When we first met with Mr. Kaplan and his Committee, we were asked if we would oppose placing retirement in some agency other than the Civil Service Commission. We informed him that we most certainly would. The Civil Service Commission is a bipartisan commission set up to protect the personnel policies and welfare of Government employees; it was the intention of Congress to make it an independent agency. To place retirement in any other agency than the Civil Service Commission would certainly shake the faith and confidence of the Federal employees.

At the same time that the administration proposal to coordinate civil-service retirement and social security was sent to the Senate, it was also sent to the House of Representatives. The House Parliamentarian assigned it to the Ways and Means Committee—and it is interesting to note that Congressman Reed has introduced a bill to implement the recommendations.

If the Committee on Post Office and Civil Service loses jurisdiction over civil-service retirement, it is a short walk to the Department of Health, Education, and Welfare. With divided jurisdiction over the retirement program, it will only be a short time until a proposal will be made to place the entire program in one agency. If such a proposal should develop, with the present OASI program in Health, Education, and Welfare presided over by a Cabinet member, and civil-service retirement in a bipartisan commission, where will the Federal employees end? Adoption of the Carlson bill would sound the death knell of civil-service retirement; it soon would become, as one of the earlier proponents of coordination described it, a supplementary system.

There are two arguments used by proponents of coordination that seem to influence those who favor coordination: First, that social security provides better survivorship benefits; second, it is necessary to effect coordination to take care of the employee who goes from Government into private industry.

The first statement has some basis of fact; however, S. 2875 to a large measure nullifies the effect of this argument. The provisions

of S. 2875 that drop the deductions from the annuity and make survivorship protection automatic, and the amendment of the widow's provisions make civil service retirement far superior to social security in more than 90 percent of the cases. The sole area that requires attention is where death occurs when the employee has limited service and particularly where there are surviving children. The incidence of death occurring in the case of the employees with short service has been magnified out of proportion.

Drs. Dickinson and Welker, in a monograph prepared for the American Medical Association titled, "Mortality Trends in the United States"—comparing 1900 and 1949—show the incidence of death in 1949 between the ages of 15 and 44 as occurring in 7 cases out of 1,000. Out of a total of 20,308 widows on the civil service retirement rolls, only 1,414 are under the age of 40. The deep concern over this small number of widows is in callous contrast to the recommendations of the same people to do nothing about the 40,000 widows of employees and annuitants who died prior to 1948. These pre-1948 widows have no protection whatsoever. Yet, their requests for small annuities are coldly rejected because the modest program would cost \$24 million a year.

We are concerned about the pre-1948 widows; we are also concerned about the young women and children who are left to shift for themselves because of the untimely death of the husband and father. It is our opinion that the civil service retirement law can be amended at very slight cost to take care of such widows and children. We suggest an amendment that would provide survivorship benefits to the widow and children of any employee who has a minimum of 1½ years of service, and that this annuity shall be based on the employee's annuity equal to (1) at least 40 percent of the average salary; of (2) the sum obtained after increasing the employee's total service by the period elapsing between the date of separation and the date he attains the age of 70, whichever is the lesser.

A similar proposal was before the Senate committee in 1952, when S. 995 was being considered and at that time the Civil Service Commission estimated that the cost of this amendment was very low indeed—it would amount to only 0.18 percent of payroll. Such an amendment would cost far less than the duplication of administrative functions required through coordination.

The second major point on which a demand is made for coordination between the two systems is the necessity of providing coverage for those who move from Government to private industry or vice versa. As far as civil-service retirement is concerned, the employee who leaves the Federal Government, if he has 5 years of service, has a vested right. Much has been made of the employee who spends only 1 or 2 years in Government service. Under the 4-year drop provision now in social security, his final benefit is not affected.

In our opinion, the arguments presented to you on this problem previously were calculated to establish a thesis rather than to establish facts. As far as normal operation of civil-service retirement is concerned, the figures presented to you on turnover were out of the ordinary. The period selected to show the number of separations was the period from 1944 to 1953, a period when we had two wars—World War II and the Korean war—a period of recovery and adjustment. To judge this period as a normal period is without valid basis.

The accompanying chart shows that from 1921 to 1941 [indicating] Federal employment was relatively stable; from 1942 to 1953 [indicating] there have been rapid rises and rapid declines amounting to hundreds of thousands. Obviously the picture of turnover is magnified far out of proportion to normal operations.

You will see from the chart that the two peak periods when Government employment was at the highest was first in World War II and second during the Korean war. In the early years there was quite a stable condition pertaining as to the in and out problem of Government.

Since World War II we have many fluctuations. There have been a tremendous number of temporary employees in the Government and they are represented chiefly in this group, this above the black mark [indicating]. Those that are not covered by civil-service retirement. But the fluctuations are not a normal thing, it is an abnormal thing and the figures that were presented were based on the years from 1944 to 1953, and obviously, this chart originally was prepared through 1945 by the Civil Service Commission. We have extended it using the civil-service figures through 1953 to show exactly what has happened with employment and to show why the figures that were quoted to you on turnover were so far out of proportion to what the normal turnover is.

Senator CASE. Excuse me, may I just ask a question there, Mr. Keating?

Mr. KEATING. Certainly.

Senator SCOTT. Proceed.

Senator CASE. Have you any idea as to how many of the employees in this gray area who are not covered—not subject to the Retirement Act are temporary employees you mentioned and how many are those who for some other reason, election, are not covered?

Mr. KEATING. The only answer I can give to that is in the postal service out of one-half million people in 1954 there were 134,000 temporaries.

Senator CASE. Have you any idea as to how—

Mr. KEATING. In the Defense Department I think the picture would be worse.

Senator CASE. So it is your judgment that the great bulk of these are temporary employees.

Mr. KEATING. Very definitely.

Senator CASE. Mr. Chairman, I am very sorry. I want to apologize to you and Mr. Keating, but a previous engagement at 11 o'clock forces me to leave before he is finished. I will do the best I can to return very shortly, but I will have to excuse myself now and I hope I can get back here very quickly. I am sorry not to be able to stay right now.

Mr. KEATING. The solution of this problem is actually relatively simple. Provide a method of transferring funds to cover service where employees leave civil service to go into employment covered by social security. The Carlson bill, S. 3041, provides for a transfer of funds to cover special service. The railroad retirement plan provides for a transfer of funds. This plan would be less cumbersome, less costly and far more satisfactory than forcing unwanted coordination on Federal employees.

Perhaps one of the greatest social and economic problems we have to solve today is the problem of the aging. It is an oversimplification of facts to state that employers will not employ older people. The simple truth of the matter is that the industrial revolution has never ceased. More and more people are being displaced from the farms and from industry. More people are employed in service functions; people have more leisure. People go to work later in life and quit earlier. Automation will result in still greater production; it should result in greater consumption, but will only if people have the means to purchase additional products. Nuclear and atomic energy are around the corner; problems of great social import will follow. Older people are not employed to the extent they used to be. Fifty-five percent of all men over 65 were employed in 1920; only 30 percent are employed today. One out of every 12 persons today is over 65. There are 90 men for every 100 women over 65 today; 50 percent of all women aged 70 are widows; at the same age, 3 out of 4 men are still married. This points up the necessity of good survivorship benefits. A survivorship program that is only 66⅔ percent effective is not a good survivorship program.

The proposals contained in S. 2875, the Johnston bill, together with the recommendation previously offered relative to minimum survivorship benefits, provide a well-rounded survivorship program.

We respectfully request that you give favorable consideration to the Johnston bill S. 2875. The majority of postal and Federal employees have not enjoyed a saving wage. Their pay has constantly lagged behind the rising standard of living pay in this country. The vast majority of them, approximately 70 percent, will receive annuities of less than \$2,000 per year, unless the law is amended.

Many private corporations have liberalized their benefits. A few provide annuities equal to 75 percent of the salary after 30 years of service. Others provide annuities equal to 60 percent after 30 years of service. The Foreign Service retirement plan operated by the Government uses a 2-percent factor and the employee's contribution rate is merely 5 percent.

In private plans, the employee's contribution rate ranges from nothing to a maximum of 6 percent. The State of Connecticut uses a 2-percent factor the same as provided in the Johnston bill. This is a realistic adjustment. With 48 percent of the annuitants receiving less than \$1,600 a year, liberalization of the present formula is sorely needed.

As usual, when retirement legislation is discussed, we wind up with the age-old discussion of costs. It was the fond hope of the Smathers' committee that the Kaplan committee would clearly point the way. Unfortunately, however, the Kaplan committee immediately got lost in chasing the will-o'-the-wisp coordination and did not do a good job on their appointed task. I seriously doubt if the determination is a job for actuaries. The Kaplan report, as I previously mentioned, is a compendium of useful information.

Mr. Robert J. Myers and Mr. A. A. Surgeis of the OASI staff, and Mr. Samuel Miller of the Committee on Retirement Policy for Federal Personnel, who probably are chiefly responsible for the report, are very capable actuaries. However, there are social and economic problems that must be considered in determining proper policies for financing Government retirement plans that transcend

the sphere of actuaries. The social and economic phase of the problems involved are too vast to be ignored. The Congress, composed of men from all walks of life, composed of men who are actuated by a desire for social service and men who are close to the problems of the average man is in a much better position to judge the requirements of the situation. Members of Congress are far more qualified to determine the social and economic waste that can come from an inadequate or improper program of retirement.

Actuarial science is not an exact science. In part 4 of the Retirement Policy for Federal Personnel, the following statement is found:

Long-range actuarial cost estimates or valuations, regardless of how presented or how developed, cannot be precise no matter how accurately they may be performed.

House Report 1698 on the social-security amendments of 1954, carried two estimates of the future costs of social security in the year 2020. On the basis of low-cost assumptions, the estimate amounted to 7.45 percent of payroll; on the basis of high-cost assumptions, it amounted to 11.46 percent of the payroll.

The Kaplan Committee failed to discuss the stability and liability of social security. Assuming that the estimate made by Mr. Kendrick that the amount necessary to fund social security was \$250 billion is correct, one can readily see that if all retirement plans were completely funded, the Government would have \$300 billion or more to invest.

I might point out that the total assets of all the life-insurance companies in the United States is only \$81½ billion, so that shows the magnitude of the \$300 billion here involved.

Discussing the problem, Dorrance C. Bronson, an actuary of the Wyatt Co., made the following observation:

The gist of the above, for this paper, is to bring out that, in the sense of the term used herein, the social-security plan—OASI—is not actuarially sound; there is for instance probably not enough on hand for the terminal funding criterion, that is, not enough to pay out the current beneficiary rolls. On the other hand, I do not see any point in rigorously applying actuarial reserve techniques to a broad national system. Such a system transcends "actuarial soundness" criteria of the usual kind. What purpose would be served if reserve assets in the actuarial amount of \$150 billion were now on hand? They would not be used; the system is not going to terminate, calling on a liquidation of the reserve for benefits. Of course, interest would be payable to go toward benefits, but what is the interest? Just another tax. Stagnant Federal bonds are all the fund could invest in. What a cry of "nationalization" there would be if industrial investments were made. Or, what a feeling of undermined security would be aroused if foreign investments were purchased.

I might point out that with reference to the estimate made by Mr. Bronson and the estimate made by Mr. Kendrick, that the estimate of Mr. Bronson was made in 1952 and the estimate by Mr. Kendrick was made in 1954.

After witnessing the work of the Kaplan Committee, I have come to the conclusion that the equitable determination can only be made by Congress. The Kaplan Committee recommended that the fund be financed on the basis of normal cost plus interest, the normal cost being the amount of money necessary to pay the current costs of retirement rights earned annually by all active employees and the interest being the interest on the unfunded liability. Under this method, the unfunded liability would remain constant and the reserve in the civil-

service retirement fund, which was \$6,438,120,901.71 on December 31, 1955, would increase to \$25 billion in 35 years. We could support that plan, but to make it effective some regulated method of providing for the Government contribution would have to be provided. Responsibility for payment could not rest on the budgetary whim method provided for in the Carlson bill. If the coordinated program went into effect, the agencies would be contributing 4 percent to social security in 1975, and civil-service retirement—if it still existed—would be seeking to worm a favorable recommendation out of the Budget Bureau.

On the matter of general financing, there is one other important subject and that is the matter of interest. On December 31, 1947, the interest paid on money in the fund was reduced from 4 to 3 percent. This was realistic. The rate on insurance investments after expenses and after taxes was 2.92 percent. I secured a list of the interest earnings, recent earnings, on retirement trust funds serviced by one of our major investment companies and a few samples will illustrate how interest earnings have increased. The current yields were 3.53, 3.19, 3.34, 3.59, 3.69, and 3.45 percent.

I have here a brochure put out by the Chase National Bank and they set up a sample portfolio and show the interest return on this portfolio as 3.67 percent. They state as a matter of fact the weighted average of the earnings in one of our large pension funds over a period of 12 years is in excess of 3½ percent.

Private funds and insurance funds benefit from the appreciation of the capital value of their holdings; Government funds do not. For that reason, I would like to suggest to the committee that you give consideration to restoring the interest rate on retirement funds to 4 percent.

With specific reference to S. 2875, the Johnston bill, the Civil Service Commission has stated that the provisions of the Johnston bill would increase the normal cost of the retirement plan to 15.4 percent of payroll. It is generally estimated that a one-half-percent increase in interest earnings will result in a 12- to 15-percent reduction in the employer cost of retirement funds. What the percentage reduction would be on the above interest suggestion, I cannot say.

I want to point out briefly that the estimated actuarial cost is approximate at best. Mr. R. R. Reagh, one of the Government actuaries, pointed out to the House committee in 1948 that actuaries are by nature conservative in their estimates. Since the fund was inaugurated in 1921, the board of actuaries have complained that they do not have adequate records on which to base their estimates. The board of actuaries have made 34 reports and 34 times they have made this observation. I am making this comment only because no conclusion can be better than the facts on which it is based.

In the valuation presented to Congress in 1955, the board of actuaries set the normal cost of the fund at 8.78 percent of the payroll—6 percent payable by the employees and 2.78 percent payable by the Government. The board of actuaries in their valuation presented to Congress this year set the normal cost of the fund at 11.15 percent of the payroll—6 percent payable by the employees and 5.15 percent payable by the Government. This increase in the normal cost was due to a change made in the interest assumption from 4 percent to 3 percent. When the Langer-Chavez-Stevenson bill was before Congress in 1948, the board of actuaries estimated that the cost of the bill

would be 12.92 percent of the payroll—6 percent payable by the employees, 6.92 percent payable by the Government. This was on the basis of a 4-percent-interest assumption, so you can readily see that they overestimated the cost by a difference between 12.92 percent and 8.78 percent, or by 4.14 percent of the payroll.

Former Congressman John Lyle, of Texas, once commented in the House committee that he had observed that Government agencies tended to show a high cost when opposed to legislation and a low cost when favoring legislation. Perhaps this is the human thing to do. If so, no one can accuse the Commission and the Bureau of the Budget of not being human. I think their estimate of cost is excessively high on S. 2875. In estimating the cost of the bill, the Commission apparently failed to take into consideration the savings produced by the elimination of interest payments on lump-sum refunds. The savings provided for in this amendment should be from 8 to 12 million dollars a year.

By whatever standard it may be judged, the Johnston bill is an excellent one. It provides a sorely needed increase to annuitants. It broadens survivorship protection and gives us an effective survivorship program.

There are a few perfecting amendments that I would like to propose. On page 3, paragraph (e), line 12, we suggest inserting after "salary" the following words: ", including longevity and meritorious pay,".

The reason for this proposed amendment is that under Public Law 68, enacted by this Congress, a pay act for employees in the field service of the Post Office Department, "basic salary" is defined as—

the rate of annual, or hourly, compensation specified by law, exclusive of overtime, night differential, and longevity compensation—

while "basic compensation" means basic salary plus longevity compensation. Under present law, longevity pay is used in computing retirement benefits and we fear that it would not be in the Johnston bill if this amendment is not made.

On page 18, paragraph (d), line 19, we suggest the words—

recovers from his disability or is restored to an earning capacity fairly comparable to that in the position occupied at the time of retirement—

be deleted; and also, beginning line 25, strike out, "Earning capacity shall, etc." to the end of the paragraph on line 4 of page 19.

This amendment will retain the provisions of the present law where restoration is only made on recovery from disability. There are many instances where grave injustices will occur if this restriction on pages 18 and 19 is retained in the bill. One letter carrier whom I know is completely blind; he has a little business on the side, in addition to his disability annuity. Under the provisions now in the Johnston bill, he would lose his annuity and, if he were struck by any illness whatsoever, he would be deprived of all means of support and all possibilities of earning a living. Probably the majority of jobs secured by disabled annuitants are temporary in nature and this provision, if left in the bill, would result in substantial hardship.

We are most thankful to this committee and to the Congress for the increase in annuities granted in Public Law 369. The average annuity, however, continues low and consideration must be given to advance it in line with the improved standard of living.

The committee staff did such an excellent job in their analysis setting forth the changes in the law and the improvements provided for in S. 2875 that I find it unnecessary to comment on the many other fine provisions found in S. 2875. The analysis presented by the staff was complete, concise, and clear.

I want to thank the committee for the opportunity of presenting this statement, and we hope that the committee will very shortly submit a favorable report on S. 2875.

Senator SCOTT. I want to thank you for your statement. It is very thorough and very detailed.

I wish our Senator from New Jersey was back here, he will be back in a minute, but he was kind of ribbing me for being a sort of lobbyist and so if I did register that much with him I want to take it as such.

I would like to say for the record—now, I am speaking now only as one Senator, not for the committee, but when I was commissioner of agriculture in my State I operated under a balanced budget. When I was Governor of the State I operated on a balanced budget and left a surplus in both instances, and I do not see anything why we cannot, in fact, I think it is one of the easiest places in Government where we can balance the budget if we are minded to do so and not do it.

I want to say that for the benefit of all of you that are here and not do it at the detriment of any person that has legislation that you are proposing here from having full consideration. I think we can do it. I am sure we can do it.

I grew up under the old star-route mail-carrier days and then I remember when we had the rural mail carrier, and still have, and my post office is RFD, if you want to know what it is, I am still living 1 mile farther back in the woods than where I was born and reared and I know we can balance this budget and I know that the thing that you folks are advocating here, many of them are very, very worthy and they are going to have full support from me so far as one Senator is concerned.

The next witness, unless you have some questions.

Mr. BRAWLEY. Mr. Chairman, before Mr. Keating leaves I think he ought to be congratulated for presenting such a fine statement, particularly with reference to the bill introduced by Senator Carlson, the administration's proposal.

The committee staff started negotiations with the Civil Service Commission many months ago in an attempt to try to find out what their proposal would be so that we could make a study of it and present an analysis of it to the committee. The first time we saw their new plan was 2 days before our hearing was scheduled, and the administration caught us a little by surprise by failing to respond to your invitation to direct its remarks to the bill at hand, 2875, and instead, directed its remarks to 3041. I think Mr. Keating has presented a very fine statement to the committee and I would like to ask him one question.

If you had your choice between no bill at all to liberalize retirement and the other bill pending before the committee, S. 3041, which would you choose?

Mr. KEATING. Without hesitation we would choose no bill whatsoever, no bill at all.

Mr. BRAWLEY. That is the only question I have, Mr. Chairman.

Mr. KERLIN. Mr. Chairman, I have a question.
Senator SCOTT. Proceed.

Mr. KERLIN. Mr. Keating, we had figures the other day from Mr. Schottland, Commissioner of Social Security, attesting to the very high turnover in Government.

As you know, turnover is extremely costly. It has been estimated that a new employee has to serve 3 months before he begins to produce. Then when he is going to leave the last 3 months are not particularly productive.

Now, in your opinion, Mr. Keating, which bill would do most to stabilize Federal employment? That is the administration bill or S. 2875?

Mr. KEATING. Well, that is easy to answer, S. 2875 would do far more.

The pay of Federal employees and postal employees usually lags behind increases in outside industry. Pay is usually regarded as poor in Government service but it is often said and with a great deal of truth, that many people select Government service because of the security provided in Government service and the cornerstone of security in the Federal service has been the civil-service retirement law.

If the confidence in the civil-service retirement law is weakened, and it certainly will be by any coordinated plan, then instead of turnover becoming less, in my opinion, it will become greater. The employee will have his protection whether he is in or out and the amount of protection provided for by civil-service retirement certainly under the Carlson plan certainly will not provide for stability in employment and do just the opposite in my opinion.

The Johnston bill, on the other hand, by improving survivorship benefits and providing a little more realistic annuity will have the tendency of keeping people in Government. It will provide for long-term civil-service employees.

Mr. KERLIN. In other words, the Johnston bill would contribute to career service whereas S. 3041 would perhaps tear apart the career service, in your opinion?

Mr. KEATING. In my opinion, it very definitely would.

Mr. BRAWLEY. In other words, there would be a great saving in the cost of training new employees who go in and out of service?

Mr. KEATING. That is right.

Mr. BRAWLEY. If the Johnston bill were enacted?

Mr. KEATING. You would have a very fine stabilizing effect in Government employment.

Mr. KERLIN. I think that is important, do you not?

Mr. KEATING. I think it is most important.

Mr. KERLIN. Thank you. That is all.

Mr. BRAWLEY. The next witness, Mr. Chairman, is Mr. Leo George, president of the National Federation of Post Office Clerks.

Senator SCOTT. Mr. George.

Mr. GEORGE. Mr. Chairman, my statement will be very brief. I feel that after the statement you have just heard there is no necessity—

Senator SCOTT. Will you give your name for the record?

**STATEMENT OF LEO L. GEORGE, PRESIDENT OF THE NATIONAL
FEDERATION OF POST OFFICE CLERKS**

Mr. GEORGE. Leo E. George, president of the National Federation of Post Office Clerks.

First, I want to deliver a message to the committee from Mr. Paul Castiglioni, legislative director of the National Federation of Motor Vehicle Employees who, unfortunately, became a victim of one of his own engines over the weekend and is unable to be here.

Also, I will say that I am here because of the serious illness in the family of Mr. Hallbeck which made it impossible for him to be here. He has a prepared statement.

Senator SCOTT. Would you like to read that or just submit it for the record?

Mr. GEORGE. I do not think, Mr. Chairman, it would be necessary to read it.

I want to mention two of the points brought up by Mr. Deedle that we, as well as the rest of those in the Government Employees Council are wholeheartedly opposed to any coordination or you might say confusion with social security, and we are also under the present circumstances not only in favor of Mr. Johnston's bill, S. 2875.

Senator SCOTT. Would counsel like to ask any questions?

Mr. BRAWLEY. I would just like to ask Mr. George the same question I asked of Mr. Keating.

If you had your choice between no liberalization at all in the retirement system and S. 3041, which would you choose?

Mr. GEORGE. The membership of our organization are on record as absolutely opposed to coordination with social security under any circumstances, and my reply would be that I am speaking for 100 percent of our organization saying that we would prefer no legislation at this session as to any coordination with social security.

Mr. BRAWLEY. That is all.

Senator SCOTT. We will have the statement of Mr. Hallbeck now.

**STATEMENT OF E. C. HALLBECK, LEGISLATIVE DIRECTOR,
NATIONAL FEDERATION OF POST OFFICE CLERKS**

Mr. HALLBECK. In order to identify myself for the record, I am E. C. Hallbeck, legislative director of the National Federation of Post Office Clerks, with offices at 711 14th Street NW., Washington, D. C.

I should say at the outset that we are highly pleased and gratified at the prompt action this subcommittee and the Senate Committee on Post Office and Civil Service, is taking on the retirement question. Certainly, insofar as postal and other employee groups are concerned, it is one of the most important questions before the 84th Congress.

A rather surprisingly large number of bills to amend the Civil Service Retirement Act are before the committee and of all these bills, S. 1153 is beyond all doubt the most desirable from the employee standpoint. On the other hand, the latest bill introduced, S. 3041 is, in the view of virtually every employee, the least desirable.

In between these two poles, so to speak, is the bill, S. 2875, which would provide many needed improvements in the retirement struc-

ture, including a new and more logical formula for the computation of annuities; an improved optional retirement procedure; much needed liberalization of the widow and dependent benefit features; improved disability retirement benefits with a much needed minimum benefit provision; a sound mandatory retirement feature, and several administrative improvements.

I understand that this subcommittee would prefer to confine testimony to the bill, S. 2875, but I hope that this will not preclude consideration of some of the more desirable features of the earlier bill, S. 1153. Particularly, I believe you should give very serious, and I would hope, favorable consideration to the matter of computing all annuities on the same formula that is provided for Members of the Congress. In other words, on the basis of $2\frac{1}{2}$ percent of salary rather than 2 percent as provided in the bill, S. 2875.

I have said that the bill, S. 3041, is the least desirable in the view of virtually every employee. As a matter of fact, I do not know of a single employee or employee organization in sympathy with the view that there should be a joint coverage of employees under the civil-service retirement and social-security systems. The employees take the position that any benefits which would be made possible by such joint coverage could just as readily and as cheaply be made available through proper amendment of the Retirement Act.

Employees have a real and very valuable stake in civil-service retirement because they have been making important contributions to that fund for more than 35 years. They started making those contributions before social security was ever heard of and they have paid to date more than \$5 billion as their share of the cost. With an investment of that sort, they are understandably suspicious of anything that would in the slightest degree detract from its value. They feel something like the wealthy widow who was being courted by an insolvent bum. They cannot be sure whether it is love or avarice that makes them so desirable. Not being sure Federal employees are noticeably shy about any understanding let alone an engagement or marriage between civil-service retirement and social security.

We know that there is nothing in the bill S. 3041 which would actually merge the two systems. However, we are mindful of the old Arab proverb: "Once a camel gets his nose under your tent, you are soon living with a camel." We sincerely believe that S. 3041 is only the opening wedge, and that once such legislation is enacted the day of the actual "marriage" or merger of social-security and civil-service retirement will not be too distant. I think it is safe to say that postal employees do not want such a merger or S. 3041 at any price.

What we do want is a modern retirement system, within the framework of the present act, which will provide a reasonable annuity after 30 years of loyal and faithful service, with adequate provisions for the widows and dependents of employees or annuitants and protection against the hazards that make disability retirement necessary before a normal retirement age, at a price which the employee can afford to pay. These benefits can be provided under the Civil Service Retirement Act and the bills S. 1153 and S. 2875 most nearly approach that objective.

If, as I suspect, S. 2875 is to be the principal vehicle considered by this subcommittee, I suggest that you seriously consider amendments which we believe will strengthen and improve the bill.

Because some pay acts define "basic salary" to exclude longevity pay and since there is no desire to exclude longevity pay from average salary for purposes of computing annuities, we suggest an amendment to section 1 (e), adding after the words "basic salary" on line 12, the words "including longevity or meritorious pay."

Under the Railroad Retirement Act, officers of the railroad employee organizations are covered for the purposes of that act while so engaged. We believe similar consideration should be extended to officers of the Federal employee organizations and suggest that this purpose can be accomplished by amending section 3 (c) to add the words, "while serving as an officer of an employee organization, or" after the word "or" on line 11.

We are particularly pleased with some of the optional features of section 6 of S. 2875. Certainly this section is a considerable improvement over present law. It will provide for what amounts to an optional retirement after 30 years of service with a reduction in annuity based on the age of the employee. Frankly, we take the position that there should be no reduction in annuity, regardless of the age of the employee, after he has performed 30 years of service. We know that there are some who will claim that the cost of such a program would be prohibitive. However, experience with optional retirement to date indicates that only a relatively small minority of employees elect to retire at an early age unless there is some all-compelling reason for such action. The principal reason is the health of the employee or his family. The number of employees who would actually retire at an early age is necessarily limited by the laws of economics. The man of 50 to 55, for example, ordinarily has family responsibilities such as children in school or college, a home only partly paid for, and things of that sort, which make it virtually impossible for him to even think of anything which would have the effect of reducing his take-home pay. The jobs which people of that age could obtain in private industry usually pay a wage so low that the combination of that wage with an annuity is actually less than the employee receives in Government work. For that reason, we feel that optional retirement at an early age would be limited to those for whom there was a compelling necessity and the ultimate cost to the retirement system would be much less than commonly estimated.

Section 7 deals with retirements caused by disability of the employee. In this field, there is a notable need for improvement. The provisions of present law, particularly in cases where the employee has only limited service, are woefully inadequate. By providing for a minimum annuity of 40 percent of average salary, in cases of disability retirements, section 9 of the bill S. 2875 goes a long way in the right direction. My own view is that it would be entirely just and equitable to retire an employee on a minimum of half pay whenever permanent disability makes retirement necessary. In this respect, the provisions of S. 1153 are far superior.

There is one feature of section 7, however, with which we are not in agreement. I refer to section 7 (d) which deals with the partial recovery of a disabled annuitant and which would discontinue an annuity whenever the income of the annuitant for 2 succeeding calendar years is equal to 80 percent of his salary immediately prior to retirement. This provision would be bad enough if wages were at all times

stable, but I invite the subcommittee's attention to the fact that a post-office clerk who was retired on account of disability in 1943 would be dropped from the annuity rolls whenever his income approximated \$1,600 a year, despite the fact that \$1,600 per year today is actually only about 30 percent of the wage the same annuitant would be receiving if his enforced retirement had not been necessitated by reason of disability. Thus, employees whose annuities, based on their average wage at time of retirement, were meager, at best, would be further penalized whenever their earning capacity from the operation of a newsstand, for example, approached \$125 per month. I cannot believe that this is what Senator Johnston intended and I recommend that the last sentence in section 7 (d) be stricken from the bill.

The survivor benefits provided by S. 2875 are greatly to be desired. In addition to providing an automatic coverage for the widow of an annuitant, the bill provides for increased benefits for the surviving widow and children of an employee who dies before becoming eligible for retirement. It is in this field that the benefits of the Social Security Act are generally more liberal than the benefits provided under the Civil Service Retirement Act. This is probably the major factor in the argument in support of coordination of the two systems. The proponents of coordination would have us believe that there is some magic formula in the social-security structure which makes these benefits possible at a cost below the costs of these same benefits provided in any other system. We take the position that the costs of like benefits would be the same under any system and that any seeming difference in favor of social security occurs only because the social-security rate at the present time does not truly reflect the costs of these benefits.

Section 9 (a) of the bill S. 2875 provides that in the computation of annuities the annuity shall be the larger of "(1) 2 per centum of the average salary multiplied by the total service, of (2) 1 per centum of the average salary: * * *" We strongly urge that this section be amended by striking out the figure "2" in line 13 on page 21 of the bill, inserting in lieu thereof the figure "2½" and that the figure "75" in line 16, page 21 of the bill be stricken, inserting in lieu thereof the figure "80." These amendments will have the effect of providing the same formula for the computation of employees' annuities as that provided for Members of Congress in section 9 (c) of the bill and retaining the present maximum annuity of 80 percent of average salary.

Section 9 (g) of the bill provides for the designation by unmarried employees of a beneficiary having an insurable interest to receive an annuity after the death of an annuitant. In order to establish such a joint annuity, it is necessary that the employee be in good health at time of retirement and that he take a 10-percent reduction in annuity, plus an additional 5 percent reduction for each full 5 years the person designated is younger than the retiring employee.

In most instances that have come to my attention, the people who would take advantage of this provision are those who have dependent parents. That is particularly true of women employees. Under the circumstances, it appears inequitable to require an employee to take a reduction of 10 percent in order to protect people who are older than he and whose normal life expectancy is considerably less than the employee.

We suggest, therefore, that this section be amended to provide that a parent or parents may be designated by an unmarried employee to receive an annuity after death of an annuitant under the same conditions as those applicable to a wife or husband in section 9 (f).

Section 15 of the bill deals with exemption from legal processes. We feel that this section should be amended to provide an exemption from Federal income taxes in the same manner and to the same extent as exemptions are granted to beneficiaries of the Railroad Retirement and Social Security Acts.

With these suggested amendments, we feel that the bill S. 2875 would receive the complete endorsement of every employee and that its enactment in that form would make the career service of our Federal Government much more desirable.

In closing, I want to thank the members of this subcommittee for the time and attention being given to this very important subject and to express the hope that this legislation will be enacted during the current session of the Congress.

Thank you.

Senator SCOTT. The next witness, please.

Mr. BRAWLEY. The next witness is Mr. William Thomas, president of the National Postal Transport Association.

Senator SCOTT. I want to thank you for your snappy appearance.

Mr. GEORGE. Thank you.

Mr. RILEY. Mr. Chairman, my name is John L. Riley, and I am submitting this statement for the record in behalf of W. M. Thomas, our national president who was taken suddenly ill this morning, but in order to expedite the hearings I am just going to submit the statement for the record with the brief observation that the members of the National Postal Transport Association are heartily in favor of S. 2875 and counterwise we are opposed to the provisions of S. 3041 which would consolidate or coordinate the civil-service system with the social security under the Social Security Act.

(The statement is as follows:)

STATEMENT OF W. M. THOMAS, PRESIDENT, NATIONAL POSTAL TRANSPORT ASSOCIATION, PRESENTED BY JOHN L. RILEY

Mr. Chairman and members of the subcommittee, for the purpose of identification, my name is W. M. Thomas. I am president of the National Postal Transport Association, with a membership of approximately 28,000. Our members perform service around the clock in railway post offices, highway post offices, air mail fields, terminal RPO's, transfer offices, and as clerks assigned to the various regional offices of the postal transportation service.

We desire to commend Senator Johnston for the introduction of S. 2875. We believe the liberalizing provisions of S. 2875 will bring the Civil Service Retirement Act abreast of present-day needs.

Members of our association are especially pleased by the proposed amendments to the Retirement Act which increase the formula for computing annuity from 1½ percent to 2 percent of the highest average salary for 5 years; the automatic survivorship benefits for widows, up to \$4,000; minimum annuities for those who are compelled to retire on disability; increased benefits for widows and children of those who die in service; and many other liberalizing amendments provided for in the bill. These amendments will go far to bring the Retirement Act nearer to the goal of perfection. With three minor changes or clarifications, the National Postal Transport Association supports S. 2875 wholeheartedly.

We are apprehensive as regards the definition of "basic salary" as set forth in section 1 (d). Present law defines "basic salary" as meaning average basic salary, pay, or compensation received by the officer or employee during any 5 years of allowable service. When the longevity grades were established, the

Comptroller General ruled that, since the word "compensation" was used in the definition of basic salary, the longevity grades may be added when computing the highest average for a 5-year period.

In the language proposed by S. 2875, section 1 (d) states that basic salary shall *not* include bonuses, allowances, overtime pay, military pay, or salaries given in addition to the base pay of the position as fixed by law or regulation. We are apprehensive, therefore, that in the event the question is submitted to the Comptroller General as to whether the longevity and meritorious grades may be used in computing the highest average salary for 5 years, that he would hold that, since the compensation given in addition to the base pay of the position as fixed by law or regulation has been specifically excluded under section 1 (d), longevity and meritorious grades may not be used when computing the highest average salary for the highest 5 years of allowable service. We therefore recommend that the definition of basic salary as defined in section 1 (e) be changed by adding the words "longevity or meritorious grades", following the words "basic salary" in line 12 of section 1 (e). Thus, there would be no doubt as to the intent of the Congress.

We also note that section I-1 provides that the crediting of interest on salary deductions will be discontinued as of December 31, 1956. The reason given in the analysis prepared by your staff set forth that the crediting of interest on salary deductions plus the protection afforded by the Retirement Act amounts to dual benefits. In our opinion, such reasoning is untenable.

We are mindful, of course, that the liberalizing provisions of S. 2875 will increase the cost of operation of the Civil Service Retirement Act, and, wishing to cooperate with the committee in keeping costs under control, we therefore interpose no objection to the discontinuance of crediting interest on retirement deductions. However, we recommend that, when reporting on the bill, it should be clearly stated that the discontinuance of crediting interest on salary deductions will effect a savings of many millions of dollars to the Government, which will assist materially in defraying the cost of the liberalizing provisions of S. 2875.

In connection with the recovery of employees who retired because of total disability, present law provides that: "If an annuitant shall recover before reaching age 60 and be restored to an earning capacity which would permit him to be appointed to some appropriate position fairly comparable in compensation to the position occupied at the time of retirement, payment of annuity shall be continued temporarily to afford the annuitant opportunity to seek such available position, but not in any case exceeding one year from the date of medical examination showing such recovery."

S. 2875, section 7-4, sentence beginning line 25, provides:

Earning capacity shall be deemed restored if in each of the two succeeding calendar years, the income of the annuitant from wages or self-employment, or both, shall equal at least 80 percent of his salary immediately prior to retirement.

We believe that the language employed in the above quotation from S. 2875 is harsh and inequitable. We therefore recommend that section 7, paragraph d, as quoted above, be stricken and the language of the present law be substituted.

With these three changes, our association heartily endorses S. 2875 in toto and we urge its speedy enactment into law.

In closing, may we also observe that we have carefully analyzed the provisions of S. 3041, introduced in the Senate by Senator Carlson and which embodies the recommendations of the Kaplan committee. We are definitely opposed to any coordination between the Civil Service Retirement Act and the Social Security Act and therefore wish to register our disapproval.

Senator SCOTT. Would counsel like to ask any questions?

Mr. BRAWLEY. No questions.

Senator SCOTT. The next witness.

Mr. BRAWLEY. The next witness is Mr. James A. Campbell, president of the American Federation of Government Employees.

Senator SCOTT. Mr. Campbell, would you give your name for the record, please?

**STATEMENT OF JAMES A. CAMPBELL, PRESIDENT OF THE
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. CAMPBELL. Mr. Chairman, my name is James A. Campbell, I am president of the American Federation of Government Employees, an organization made up of Government employees in all agencies and departments of the Government.

Senator SCOTT. Do you want to read your statement?

Mr. CAMPBELL. I would like to read a part of it, Mr. Chairman, if I may.

Senator SCOTT. All right.

Mr. CAMPBELL. I would like to begin by expressing gratitude of my organization to the chairman and to the committee for introducing S. 2875 which we believe is a very fine improvement and a much needed improvement to our Retirement Act.

In our evaluation of the present retirement law and in determining what changes should be made in the law, we might well be guided by this broad criterion: How well does the present civil-service retirement law meet the needs of Federal employees and operate in the interest of their employer?

Objective analysis has shown that in varying respects it falls short of meeting the reasonable needs of the employees. Furthermore, the added improvement which would be made in benefits to employees would redound to the interest of the Government, their employer, for even moderately satisfactory retirement benefits are an attraction to persons contemplating a civil-service career and an incentive to remain in Government employment. First, permit me to state the basic position of the American Federation of Government Employees with respect to the two fundamentally different approaches to the modification of existing retirement law, which are typified in the bills before the committee.

The one, S. 3041, which embodies the administration series of changes in the retirement law, does not satisfy the tests of a satisfactory bill. It embodies a basic concept to which our organization, along with others in the labor movement, is fundamentally opposed. The bill, S. 3041, has for its central feature the objective of integration of the social-security and civil-service retirement systems. That is the highlight of this bill. It also is the cornerstone of the recommendations formulated by the Kaplan committee. In proposing this linking of the two systems, the bill does not afford the desired improvement in the civil-service system.

The bill, S. 3041, is especially beneficial to two groups: (1) the employee having relatively short Government service and (2) the individual who includes one or more short periods of Federal service with much longer service in private industry or with some other governmental jurisdiction. The equity of these two groups should not be ignored, but its recognition should not determine the pattern of benefits to be provided the employee who makes the Federal service his lifetime career.

There is no need for this confusion of equities of these two groups of employees—the careerist and the short-term or in-and-outer, whose employment is mostly out of the Federal service. It is possible to solve the problem to the benefit of both groups. Devising some plan

of transfer of credits should take care of the inequity which admittedly exists. It has been done in the railroad retirement system, and it can be done for those Federal employees who leave after a few years of service. We can see no justification for placing all Government employees partly under social security and partly under the civil-service retirement system. Whatever additional benefit is added to the civil-service portion of the total annuity can just as well be provided in an outright improvement of the retirement system.

Now, as to the series of changes proposed in the bill, S. 2875, which has been sponsored by the chairman of the Senate Post Office and Civil Service Committee. The National Executive Council of the AFGE endorsed this bill in principle at its meeting in Washington last week. It is aimed at the improvement of the civil service retirement system. In that respect it fulfills the desires of our membership. The bill consolidates the gains that have been made during the 25 years since the retirement system was established, and provides for additional development.

There are several changes in the bill which are desirable to the members of the AFGE, but before proceeding to point them out in relation to the specific sections involved, it is desired at this point to approve wholeheartedly the increase in the percent of average salary used as the basis for computation of the annuity provided in changes proposed in section 9 of the present law. This proposed change coincides with the recommendation of our last national convention.

A further change proposed in the same section would materially reduce the amount by which the annuity of an employee is reduced if he retires before attaining age 60. This represents a substantial step toward retirement after 30 years' service at any age, and the bill's sponsor is to be particularly commended for this provision in the bill.

Provisions in this bill granting joint and survivorship benefits have in several important instances been liberalized, and again the author of the bill is to be commended. These are highly desirable improvements, for they relate to situations which arise after the death of an annuitant and to conditions which at times may approach severe destitution.

Another provision in this bill which provides for a change much desired by our membership is the extension of section 6 (c) of the act to all officers and employees in the field service of the Bureau of Prisons, Federal Prison Industries, Inc., and the Public Health Service, and to other officers and employees of the Bureau of Prisons and Federal Prisons Industries, Inc., whose duties bring them into direct contact with criminals.

The credit for periods of service in the employ of a State or instrumentality thereof, which is provided in section 3 (i), also coincides with a current AFGE legislative objective. It will benefit a group of our members who have had State service in the employment service program and who are now making Federal service their career.

There has been strong sentiment expressed by some of our members for the basing of the computation of the civil-service annuity on gross pay instead of the regular rate of wage or salary fixed by law or regulation. They would remove such increments as bonuses and overtime pay from the exclusions listed in the definition of basic salary in

section 1 (d), on the ground that they are earned compensation paid for inconvenience or hardship under which the work is performed.

The change provided in section 1 (1) will deprive Federal employees of a benefit they have enjoyed since the inception of the retirement system in 1920. This allowance of interest on deductions from salary and on deposits to the retirement fund has been termed a dual benefit. That seems to be a little farfetched, for the money is invested and the fund is benefiting from such investment. Unless he is credited with interest, an employee should not be required to pay interest on the amount of a deposit or redeposit.

Excluding periods of separation from creditable service only if they exceed three days each, as provided in section 3 (a) is very practical and in specific cases can be quite beneficial to an employee. The periods ignored would be small but the inconvenience or loss that may be eliminated is much greater in proportion.

The author of the bill is to be commended for the provision in section 6 (d) which will benefit the employee who is involuntarily separated through no fault of his own and who cannot withdraw his salary deductions from the retirement fund because he has served more than 20 years and yet does not have the 25 years of service which would entitle him to an immediate annuity. The cases are no doubt relatively few, but the hardship is nevertheless great for the individual employee.

A provision which is definitely objectionable is the requirement in section 7 (d) that a disabled employee's annuity shall be terminated if he is restored to an earning capacity "fairly comparable to that immediately prior to retirement," the test being an income equally 80 percent of the last rate of Government salary earned. The annuity is paid for a disability which made it impossible for the employee to continue his Government employment. What is the employee to do if he is unable to return to Federal employment, and is fortunate enough to obtain outside employment? The nongovernmental employment may have no certainty attached to it. As a result, the employee might lose this employment not long after the termination of his annuity. The test here is economic and not medical.

On the other hand, section 7 (e) adds an improvement to the present law by granting an immediate annuity to an employee who recovers from a disability before he is 60 years old. It removed the hardship of lacking income during the intervening period between recovery and entitlement to an annuity.

In the interest of equitable treatment, the reduction of the ceiling on annuities from 80 to 75 percent is not desirable. The 75 percent would be exceeded only in the case of rather long service. It would happen only if the individual entered the Federal service at an early age and made it his lifelong career. If we are going to encourage desirable persons to do just this, why should we penalize them for earning an annuity which bears some proportion to salary? Why is it right for one employee to be permitted to receive a \$4,000 annuity because it is only 50 or 60 percent of his average salary, and wrong for another employee to receive \$4,000 only because it bears a large proportion to his average salary, though it has been earned during considerably longer service?

I would go so far, Mr. Chairman, as to say that there should be no reduction in the amount of annuity an employee can receive under the

formula in this bill, for the annuity can represent a large proportion of average salary only if the employee has had unusually long service.

This may be illustrated by two examples. The one is an employee whose average salary is \$5,000, which is a rate within the GS-7 range. Assume that this employee entered the service at age 25 and remained until age 70. He has given the Government 45 years of presumably loyal and efficient service. His earned annuity would be \$4,500 but it would have to be reduced by \$750 to bring it down to 75 percent. Another employee having an average salary of \$7,500 is retired after 30 years of service. His annuity would be \$4,500 all of which he would be permitted to keep because it is only 60 percent of his average salary. In his case he has given the Government 15 fewer years of service. If these arbitrary reductions are to be made, it is clearly inconsistent with other efforts to persuade valuable employees to remain in Government service.

In general, S. 2875 is a good bill, and it is to be hoped that the committee will see fit to support it favorably with the changes suggested. In closing, I would like to express my appreciation to the chairman and to the members of this committee for the opportunity to express the views of the American Federation of Government employees on this important subject of retirement.

Senator SCOTT. Thank you very much.

Has counsel any questions?

Mr. BRAWLEY. Just one question.

Mr. Campbell is the first of the witnesses this morning to represent employees of the Government other than postal employees and I think probably best qualified to answer from that portion of the Government employees about the question that Mr. Kerlin asked of Mr. Keating. Would you care to ask that question of Mr. Campbell now, Mr. Kerlin, so that we can get that in the record?

Mr. KERLIN. I would be very happy to because I think it is extremely important.

We had figures the other day, Mr. Campbell, referring to the very high turnover in Government. I do not need to repeat how costly those are and how the Government suffers when they have employees constantly coming and going.

In your opinion which bill would contribute most to stabilizing the Federal employment?

I will word it another way. Which bill would contribute most to the career service and conversely which will do the least amount of good for the career service?

Mr. CAMPBELL. Mr. Chairman, unquestionably S. 2875 would be the better of these two bills considering their merit from the standpoint of creating or improving a career system. The objectives of the two systems, the social-security system as against the civil-service retirement system are completely foreign. They have no relation whatsoever, the social-security system is a means of meeting a social need which was very necessary. The civil-service retirement system is something to attract and hold good Government employees.

Mr. KERLIN. Thank you.

Mr. BRAWLEY. And the other question I had in mind was if you had the choice between no retirement bill at all in this Congress and the retirement proposals sent up by the administration and embodied in S. 3041, what would your choice be?

Mr. CAMPBELL. Without question I would say, "No bill."

Mr. BRAWLEY. That is all, Mr. Chairman.

Senator SCOTT. Thank you for your testimony and I would like to ask: You think this would make better Americans out of all of us; is that right?

Mr. CAMPBELL. Yes, sir.

Senator SCOTT. You sound like a Democrat. I do not know whether you are or not.

Mr. CAMPBELL. I plead guilty.

Mr. BRAWLEY. Mr. Chairman, the next witness is Thomas G. Walters, operations director of the Government Employees' Council.

**STATEMENT OF THOMAS G. WALTERS, OPERATIONS DIRECTOR,
GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO**

Mr. WALTERS. Mr. Chairman, with your permission I would like to file a statement for the record and to make 1 or 2 comments especially as it has to do with 1 or 2 suggested amendments that the Government Employees' Council feels was the most interesting and an oversight in this bill, S. 2875, when it was drafted.

I am sure we all realize it is next to impossible for individuals to draft a bill that would not need some amendments or could not stand some amendments and for the record I would like to say that the Government Employees' Council endorses and supports the statement as presented and made by Brothers Keating, George, Thomas, and Campbell this morning and others of the council that will follow.

We have held several meetings of the Government Employees' Council since the introduction of this legislation and we have discussed the two major bills pending before this committee quite at length and it is the unanimous thinking that S. 2875 is by far the better bill for the Federal and postal employees. In fact, it is my opinion that the 21 member unions of the Government Employees' Council would not hesitate to make the statement that if they had to receive the so-called Carlson bill they would prefer no amendments to the Federal retirement system at this time. But, in principle we do wholeheartedly support S. 2875.

We would like to call to the attention of this committee that on page 3, line 12, after the word "salary," we suggest that the following words be included, "including longevity, meritorious, hazardous, overtime, night-differential, and territorial-differential pay."

Amendment No. 2: This we would suggest: That section 7, subparagraph D on page 18, beginning with the 18th line, we recommend that this paragraph be completely rewritten, and especially the elimination of lines 24 and 25 on page 18 and lines 1, 2, 3, and 4 on page 19. This has to do with employees who, on disability retirement and who, if they recover sufficiently and who are earning 80 percent of their past salary, though it might have been 10 years ago, would be dropped from the rolls.

Amendment No. 3 has to do with section 5 (a) of S. 2875 and we are of the opinion that section 5 (a) should be completely eliminated from the bill. It has to do with retirement of employees in Alaska, Panama Canal, and other Territories.

Mr. BRAWLEY. Mr. Walters, may I interject there just a moment.

I think your first amendment was probably not necessary but we will certainly look into that. We did not intend to prohibit the use of that pay, but this amendment 3, I remember that bill was passed in the 81st Congress which gave to the employees of the Panama Canal Zone and the Alaska Railroad employees, I think, mandatory retirement at age 62 after, I think, at least 15 years service. Do you remember what the justification for that was? Why are we seeking—

Mr. WALTERS. One thing it is in order to attract people to go to those places to work, just like the differential that they pay in reference to their salaries is to attract people and to keep them in those particular spots of the world to carry on the work of the Federal Government.

Mr. BRAWLEY. In other words, the employees themselves want this mandatory retirement provision at age 62?

Mr. WALTERS. Yes.

Mr. BRAWLEY. All right, sir.

Mr. WALTERS. Amendment No. 4 has to do with the question that Brother Keating raised this morning of certain widows who have never been eligible—some thirty-five or forty thousand of them—who have never been eligible for retirement and also to increase the annuities of those now on the retirement roll.

We feel that there is great justification for those two groups of people to not only be covered but to have those now on the annuity rolls annuity increased.

Amendment No. 5 that we would like to call your attention to is the effective date of this retirement bill. We do not see any reason to put off eating something that is good until next week or next month; and as good as S. 2875 is, we hope that when it is enacted into law it will not be deferred until January 1, 1957, to become effective.

Then, amendment number 6, we would suggest that in section 3 (c), page 9, line 11, after the word "or, while serving as an officer of an employee organization, or," be added to strengthen the provisions of this legislation.

Now, Mr. Chairman, in reference to S. 3041, it is hard for us to realize that you might call this whatever you may, but it seems to us that it is a merger of the Federal retirement system and the social security and we are on that question like the story of Cal Coolidge was about the preacher preaching against sin, his wife asked him how he stood on it, he says, "Well, I'm agin it," so we are agin merging the Federal retirement system with social security.

I noticed recently in the press three questions asked and it seems to me that they are pertinent today. Why should a retirement dollar purchased under the CSC system cost more than the same dollar obtained through social security? Why should a dollar of widow's pension cost more? If the social security financing method really provides more dollars at less cost why should not the civil service retirement system pattern its financing on the social-security plan?

Now, I do not believe, and I do not think that many other people believe that you can collect more money or pay out more money from two pockets than you can from one with it costing you less. So, Mr. Chairman, we trust that—

Mr. BRAWLEY. May I interrupt there a minute, Mr. Walters? I would like to have this newspaper clipping inserted in the record if the chairman does not mind, at this point.

Senator SCOTT. No objection, it will be inserted in the record at this point.

(The above-mentioned document is as follows:)

[From the Washington Daily News, February 1, 1956]

9 TO 4:30—YOUNG WILL AIR ANNUITY BENEFITS PLANS

(By John Cramer)

For the benefit of a Senate subcommittee, Civil Service Commission Chairman Philip Young today will attempt to disprove the old adage: "You can't get something for nothing."

He will tell the subcommittee the administration has a plan for greatly increasing Federal employee age retirement, disability, and survivorship benefits—while substantially reducing the cost to the employee, and to the Government.

This plan, Mr. Young will say, is the so-called Kaplan plan to give Federal employees a combination of civil service retirement system coverage and social-security coverage.

Mr. Young will be the first witness before a Post Office and Civil Service Subcommittee headed by Senator Kerr Scott (Democrat, North Carolina) as it opens hearings on the so-called Johnston bill to liberalize the civil retirement system.

REPORT

He will tell the subcommittee what he already has said in a written report: That the administration opposes the Johnston bill because it considers it too costly.

He will say that the present civil service retirement system costs employees \$537 million per year (or 6 percent of payroll) and costs Government \$843 per year (or 9.42 percent of payroll). Total cost is \$1,380 million per year (or 15.42 percent of payroll).

The Johnston bill, Mr. Young will say, would leave the cost to the employee unchanged at \$537 million. But the cost to the Government would rise to \$1,364 million (or 15.24 percent of payroll). And the total cost would rise to \$1,901 million or 21.24 percent.

Mr. Young then will go into the something-for-nothing aspects of the administration plan.

EXPLAIN

He will explain that the plan offers employees an 8-percent average increase in age-retirement annuities after 65—very greatly increased survivorship benefits for widows and children of deceased employees and deceased retirees—and a sharp increase in disability annuities.

All this, he will say, can be had at bargain rates:

Cost to the employees will be \$499 million per year (5.57 percent of payroll). This is \$38 million less than they now pay for present civil service retirement system benefits alone.

Cost to the Government will be \$825 million per year (9.21 percent of payroll)—or \$18 million less than it now puts up to give its employees CSR benefits alone.

Total cost will be \$1,324,000 per year (14.78 percent of payroll) or \$56 million less than total cost of present CSR benefits.

TESTIMONY

Mr. Young's cost testimony will be solidly backed by the best available statistics and actuarial studies. No one seriously will challenge him. No one will suggest (and no one should suggest) that he has distorted figures merely to make the administration plan look good.

Nevertheless, the Young testimony will raise pointed questions for individuals interested in the civil service retirement system. They may want to know:

Why should a retirement dollar purchased under the civil service retirement system cost more than the same dollar obtained through social security?

Why should a dollar of widow's pension cost more?

If the social security financing method really provides more dollars at less cost, why shouldn't the civil service retirement system pattern its financing on the social-security plan?

Mr. BRAWLEY. I think the most ridiculous statement I have ever heard in the Senate is the recent testimony from Mr. Young that you could give a dollars retirement for less cost by shifting the cost from one pocket to the other.

Mr. WALTERS. Mr. Chairman, I would like to offer three suggestions that might be of some help not only to this committee but to all of us.

1. To obtain the amount that the actuaries have recommended that the Federal Treasury pay into the Federal retirement system in the past 35 years.

2. The amount of the administration in power or through the Budget Bureau have recommended to the Congress be appropriated for the Federal retirement system.

3. The amount appropriated by the Congress over the 35-year period.

It seems to me that if you had the answers to those three suggestions you would then be in a good position to ascertain what the financial structure would be today of the Federal retirement system had the actuaries' recommendations been followed or if the Budget Bureau recommendations had been followed.

Now, Mr. Chairman, since you mentioned 12 o'clock, I am beginning to get hungry, so I will, with your permission file the statement and thank you very kindly for being given the opportunity to appear and present our views.

Senator SCOTT. Thank you. Before you leave the stand I want to take this opportunity, I have said it once before perhaps here, to pay tribute to the rural mail carriers of North Carolina and I do that in all sincerity and any postoffice employee that has never visited North Carolina if he wants to do it some time, go anywhere you want to, especially get out in the country, and I say that for a definite reason, because had it not been for the rural mail carriers, both Democrats and Republicans who got behind the roadbuilding program down there in the State we would never have had the road program we have now and you could well do it somewhere along the line, erect a memorial to the rural mail carrier of North Carolina, Democrats and Republicans, for what they did in putting over the road program because we would not have had it were it not for them.

Then, on top of that, they showed rare good judgment, too, in sending the present United States junior Senator up here. You would not have had as good a one as you have if you had not have done that. I am sure of that.

Mr. WALTERS. Thank you, Mr. Chairman, for those comments, and I certainly agree with you, especially as to the latter matter relating to the Senator from North Carolina.

I would like to say that could be definitely said of my home State as you well know. I served as a rural carrier for some 25 years from 1923 up to the time I came to Washington, and the rural carriers of that State have certainly trailed the way in improving the roads of Georgia. We did not get started as quickly as you good people of North Carolina but we are pushing you for a close second now, I am glad to say. But, we still have a long way to go; but the rural carriers have done a lion's share of promoting the sentiment for improved roads in the State of Georgia and I am sure that is true in many, many other States throughout the country.

Senator SCOTT. Well, they are due the entire credit for putting over the road program, in my opinion, both Democrats and Republicans, the rural mail carriers of North Carolina.

Mr. WALTERS. Thank you, Mr. Chairman.

Senator SCOTT. The statement of Mr. Walters will be inserted in the record at this point.

(The above-mentioned document is as follows:)

STATEMENT OF THOMAS G. WALTERS, OPERATIONS DIRECTOR, GOVERNMENT
EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of this committee, by way of introduction, my name is Thomas G. Walters, operations director of the Government Employees' Council of the American Federation of Labor, 100 Indiana Avenue NW., Washington 1, D. C., phone Executive 3-2820 and 3-2821.

The Government Employees' Council of the American Federation of Labor is made up of 21 national and international unions whose membership, in whole or in part, are civil-service employees. The total Federal and postal employee membership of the Government Employees' Council is more than 500,000.

Mr. Chairman and members of the subcommittee, the officers, delegates and employees of the Government Employees' Council, AFL-CIO appreciates Senator Johnston, chairman of this outstanding committee, introducing S. 2875, and we desire to compliment the staff of this committee in the preparation of the analysis of S. 2875. The analysis is prepared in language that laymen can well understand, and our congratulations and thanks are extended to Mr. H. W. Brawley and his assistants in the preparation of this analysis.

Mr. Chairman and members of the committee, we were delighted when our great chairman named a special subcommittee to hold hearings on the retirement question and we were extremely happy when we were notified of the make up of this committee. We congratulate you, Mr. Chairman, on the early hearings of this most important legislation and we trust that it will be expedited through the Congress and will become law in the immediate future.

S. 2875's approach to the liberalization of the Federal retirement system is a commendable step in the right direction. It is next to impossible for individuals to prepare a bill that could not in some small measure and in some instances be amended to make it a better bill or a better piece of legislation. Therefore, Mr. Chairman, I have been authorized and instructed by the retirement committee of the Government Employees' Council to offer a few amendments that we believe would greatly strengthen the provisions of S. 2875.

Amendment No. 1

On page 3, line 12, after the word "salary" we suggest that the following words be included: "including longevity, meritorious, hazardous, overtime, night differential and territorial differential pay." Or, perhaps, Mr. Chairman, it might be better to use the words "gross pay" and that would include the entire pay received by the Federal and postal employees.

Amendment No. 2

Section 7, subparagraph D, on page 18, beginning with the 18th line, we recommend that this paragraph be completely rewritten, and especially the elimination of lines 24 and 25 on page 18 and lines 1, 2, 3, and 4 on page 19. Mr. Chairman, we do not see any justification to penalize an employee who is disabled in the line of duty.

The intent of section 7, subparagraph D, part 3, would at all times place the employee at a disadvantage and somewhat at the mercy of the head of an agency, but when he was dropped from the annuity roll his former salary may have been tremendously increased. Concrete examples could be named of employees that were retired on disability in the early 1940's and who would be dropped from the annuity roll whenever their income approximated \$1,600 a year, despite the fact that as of today \$1,600 would be about 30 percent of the salaries of the same employees if they had been permitted to stay in the service but who were retired in the early 1940's on disability retirement.

We are sure that the sponsor of this legislation did not intend for employees to be penalized, therefore, we strongly recommend that this section be stricken from the bill.

Amendment No. 3

It is our opinion that the wording of S. 2875 would penalize the employees of the Panama Canal Zone and I am sure that it was not the intention of those who prepared this bill to do an injustice to anyone; therefore, we strongly recommend that a definite provision be inserted in S. 2875 to protect the employees of the Panama Canal Zone, especially as to their 62 years of age retirement and their differential.

Amendment No. 4

For many years the Government Employees' Council has advocated that the widows of those employees who retired between April 1, 1948 and October 1, 1949 should be eligible for an annuity. We likewise very definitely favor and support increases for all annuitants now on the roll.

If at all possible would like to see S. 2875 amended to include these people but if not we strongly support legislation now pending before this committee to adjust these injustices.

Amendment No. 5

We note that the effective date as outlined in section 5 on page 40 is January 1, 1957. With all the good things contained in S. 2875 we see no good reason why those retiring should be deprived of these privileges any longer than it is absolutely necessary; therefore, we recommend that this bill be amended to become effective either June 30, 1956 or September 30, 1956.

Amendment No. 6

The Government Employees' Council respectfully urges this committee to add the following words in section 3 (c) page 9, line 11, after the word "or", "while serving as an officer of an employee organization, or".

We sincerely recommend that the above six suggested amendments be incorporated in the subcommittee's recommendations to the full committee.

With these minor amendments, Mr. Chairman, we believe that S. 2875 should immediately be approved and enacted into law, and we assure you we will do all we can to assist the subcommittee and the full committee in bringing to a successful conclusion the intent and approach as offered by Senator Olin D. Johnston in the introduction of S. 2875.

Mr. Chairman and members of the committee, S. 3041 and other bills affecting our retirement system are pending before this committee. We would like to publicly state that in our honest opinion the Federal retirement system and the social-security system were established for two distinct different purposes. Since the enactment of the social-security law it has constantly been a desire of some people to merge the Federal retirement system with the social-security system. We of the Government Employees' Council have consistently opposed this merger. In our opinion the provisions of S. 3041 may be called by any other name except merger, but actually it can be nothing short of a merger of the Federal retirement system with the social-security system, and this we definitely oppose. Therefore, Mr. Chairman, I have been authorized by the officers and delegates of the Government Employees' Council to vigorously oppose the approach as outlined in S. 3041. There can be no justification and I cannot understand how it can be done cheaper by paying an employee or annuitant from 2 pockets instead of making the whole payment from 1 pocket.

Mr. Chairman and members of this subcommittee, for more than 15 years I have appeared before the House and Senate committees on legislation and allied problems. Every time that amendments have been offered to the Federal retirement system some people always leave the impression that if the pending amendments are adopted it would wreck the financial structure of the Federal retirement system. Generally speaking the administration has always overestimated the cost of amendments to the Federal retirement system. I trust that the members of this committee and the Congress will keep in mind that for more than 35 years the employee deductions have more than paid for the benefits that have been paid to annuitants. In fact, the employee withholdings have by more than \$800 million exceeded the benefits paid to annuitants. In other words, the employees have more than financed the Federal retirement system. If the Congress had appropriated the moneys from year to year that have been requested the Federal retirement system balance today would be in staggering financial figures, as we now have in the fund more than \$6 billion.

With these facts before us we can see no justification why all the benefits that are provided for in S. 2875, including the Government Employees' Council

amendments, cannot be financed under the present financial structure of the Federal retirement system, providing, of course, the Federal Government assumes their just and fair share of the financial responsibilities and the Congress appropriates money in keeping with good business administration.

Mr. Chairman, would it be out of order for me to suggest that your committee be furnished the following financial figures over the past 35 years: (1) The amount that the actuaries recommended that the Federal Treasurer pay into the Federal retirement system. (2) The amount the administration in power or through the Budget Bureau have recommended to the Congress be appropriated for the Federal retirement system. (3) The amount appropriated by the Congress over the 35-year period.

It is my opinion that this type of information will answer once and for all many of the questions that have come to the attention of this committee during these hearings.

We are strongly convinced that the future would be much brighter and much more secure for Federal and postal employees to have enacted into law the provisions of S. 2875 with the amendments that we have suggested than to have enacted into law the provisions of S. 3041. It is possible and most probable that if S. 3041 should be enacted into law that in the near future the deductions from the Federal and postal employees' salaries would be much greater than if the provisions of S. 2875 with the suggested amendments were enacted into law.

We strongly support the intent of S. 2875 and just as strongly oppose the intent of S. 3041.

Mr. Chairman and members of the subcommittee, again we express our thanks to you for holding and expediting these hearings and assuring you that we always appreciate the opportunity of appearing before this committee and stating our position on pending legislation.

Mr. BRAWLEY. Mr. Chairman, the next witness is Mr. Alfred Beiter. Mr. Beiter is wearing two hats today, I do not know which one he wants to put on first.

Senator SCOTT. Give your name for the record.

Mr. BEITER. Mr. Chairman, my name is Alfred F. Beiter, and I am legislative representative of the National Association of Retired Civil Employees and I also am the president of the National Customs Service Association. It is my understanding that I may be permitted to testify in behalf of the Customs Service Association immediately following my testimony for the retired employees.

Senator SCOTT. In other words, you are not going to testify for and against yourself at the same time?

Mr. BEITER. Mr. Chairman, I have a statement that I would like to submit for the record and then I will proceed to give a summary of that statement.

Senator SCOTT. That will be inserted in the record at this point. (The above-mentioned document is as follows:)

BRIEF OF THE NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES

Mr. Chairman and members of the committee, my name is Alfred F. Beiter and I represent the National Association of Retired Civil Employees, an organization of retirees receiving annuities under the Civil Service Retirement and Disability Act. I am accompanied by a member of our legislative committee, Hon. Addison T. Smith, a former member of the House of Representatives for 20 years, and also by our national officers—Frank J. Wilson, president; Walton Ralph Edmonds, first vice president, and Clarence L. Williams, secretary. Our association celebrates its 35th birthday this month. It has a membership of 82,000 and has 553 chapters in the United States, the Panama Canal Zone and the Philippine Republic. The chapters in 16 States have organized State federations.

We are here to endorse the provisions of the bill under consideration, S. 2875, to respectfully suggest certain amendments and to urge your committee to give expeditious and favorable consideration to the bill, and to the amendments we

propose. We suggest an amendment to provide for annuity increases for the annuitants and survivors who may be on the civil-service retirement roll at the date of enactment of the bill. We propose an amendment about as follows:

(a) "The annuity of any employee who, before the date of enactment of this Act, was retired and is receiving or entitled to receive an annuity from the fund, shall be increased, effective on the first day of the second month following enactment of the Act, by \$100 plus \$10 per each two full months elapsed between the commencing date of annuity and the date of enactment of this Act: *Provided*, That such increase in annuity shall not in any case exceed \$300."

(b) "The annuity of any survivor, except children covered in the next paragraph (c), who, on the date of enactment of this Act is receiving or is entitled to receive an annuity based on the service of a former employee, shall be increased, effective on the first day of the second month following the date of enactment of this Act, by \$80."

(c) "The annuity of any child who, on the date of enactment of this act, is receiving or is entitled to receive an annuity based on the service of his parent shall be increased by \$50, effective on the first day of the second month following the date of enactment of this act: *Provided*, That the annuity of each such child shall not at any time exceed \$1,200 divided by the number of child en then receiving annuity."

This amendment is similar to certain provisions of section 15 of S. 1153 introduced at the 1st session of this 84th Congress by the chairman of the Senate Post Office and Civil Service Committee, Hon. Olin B. Johnston, except that the amount of the benefits proposed by Senator Johnston have been substantially reduced.

This amendment follows the principle recommended by the Kaplan Committee, which states (p. 23 of Report No. 5) as follows:

"The Committee believes that *it is incumbent on the Congress when adjusting the current pay of Government employees, or when liberalizing the formula for future annuitants, to reexamine the benefits paid to annuitants already on the rolls with a view to adjusting their annuities as warranted.*" [Italics supplied.]

S. 2875 as introduced does very appropriately liberalize the formula for future annuitants, but it does not provide for the adjustment of annuities for persons already on the rolls, hence, we deem it proper to request such an adjustment. This is one proposal of the Kaplan Committee which we believe will not be controversial and which is capable of action by Congress without prolonged study and delay. The Kaplan Committee had an exceptionally able staff to advise them with reference to financial soundness of the civil-service retirement fund. We do not feel that the Committee would have suggested that annuities of persons already retired be adjusted if such action would seriously weaken the fund. The Committee also had valuable advice upon which to base their recommendations from Government actuaries, accountants, high officials in the United States Civil Service Commission, and the Bureau of the Budget.

THE GOVERNMENT'S OBLIGATION

Retirees already on the rolls, even though recently added, retired on pay rates that had not been fully adjusted to the cost of living. Hence, the annuity was out of gear with living costs at its inception. The argument has been advanced that the annuities under the Civil Service Retirement Act are a contract, similar to an insurance annuity, and the Government is under no obligation to adjust them once they have been computed at the retirement date. Nevertheless, the 80th, 83d, and 84th Congresses passed bills granting annuity increases for the employees already retired. Perhaps the Government may have no contractual liability to adjust annuities to the cost of living, but the Federal Government does have a high moral and humane responsibility toward its retired employees because of their long and faithful service. That is the essence of a sound employer-employee relationship.

Industry and business generally have voluntarily granted cost-of-living adjustments in the pensions of their retired employees, over and above the strict legal requirements of their pension systems. Some forward-looking corporations pay all the costs of the employee pension systems and some have provided escalator clauses so that as the most of living goes up the pensions are automatically adjusted to meet it. Recently, significant adjustments in wages, pensions, and working conditions were made by Ford Co. and the General Motors Corp. Under its contract General Motors granted increases of "at least" 28

percent in the pensions of employees already retired, and similar increases in the rates for those retiring in the future. The Ford Co. granted increases to employees already retired based on the pensioners' service credit at the time of retirement.

Of course you are interested in the additional expense to the fund of the amendment we propose. It would cover about 250,000 employee annuitants already on the rolls. We believe the average increase would be around \$200. On that basis the expense for the first year would approximate \$50 million for that group. Each year thereafter the amount involved would rapidly decrease because of the very advanced age and correspondingly sharp death rate of these retirees. Many thousands of the retirees to be benefited are in their late seventies or early eighties. Many are bedridden, shut-ins, partially disabled, or under the care of a doctor or nurse. Actuarial tables and other statistics indicate that their final years are approaching rapidly. This situation indicates that within a period of 10 years the successive decreases in payments will reduce the cost around 50 percent or more, and after that the continued decreases, due to deaths, will soon reduce the cost to close to a very nominal figure. The average life of an annuitant after retirement is between 11 and 12 years. The temporary financial drain on the fund through this period would not reduce it by any dangerous degree.

The Kaplan Committee considered the fund so sound that it proposed that the income of the fund from the salary deduction be permanently decreased from 6 percent to $3\frac{1}{2}$ percent on amounts up to \$4,200. This would be a cut of about 35 percent. The Kaplan Committee states that after this income cut is effected that the fund will still be able to pay the same benefits to the present retirees as under the present act. Such a reduction in salary deductions would be close to \$1 $\frac{3}{4}$ billion in 10 years. If the income of the fund can be cut by such a very substantial amount during the next 10 years, does it not clearly follow that if the income is not cut and the salary deductions remain at 6 percent, that the fund can well afford to pay, during this temporary period, the proposed increased annuities to the annuitants already retired and also liberalize the annuities of employees who will retire in the future? The cost of the increases in annuities for future retirees as provided for in S. 2875 will be very moderate during the first few years it is in effect and the full impact of same will not be reached for from 20 to 25 years. For instance, assume that 30,000 employees retire during the first year and their retirement rate is $33\frac{1}{3}$ percent more than that of the retirees in past years (an average increase of about \$600 per year), the cost for the first year would be around \$18 million. Of course, if at the end of 10, 15, or 20 years the condition of the fund and its future liabilities appears to warrant an increase in salary deductions the Congress may then follow previous precedents and raise the rate of deductions.

Our association does not have the valuable services of actuaries, accountants, etc., such as served the Kaplan committee and the Civil Service Commission, to aid in determining the actuarial financial status of the fund, so we can reach no firm conclusion on such a basis. However, there is another available factor in studying the future of the fund, which is very important, and that is the actual financial history of the fund over a period of 35 years. This is reflected on the annual reports of the United States Civil Service Commission. These reports establish an extremely successful operation over that very long span of years, more than one-third of a century. The fund started in 1920 without 1 cent, and today the balance in the fund is close to \$6.5 billion, despite the failure of the Government during about one-third of that period to make any appropriations to pay for its part of the cost to cover its liability to the fund. This unpaid amount, plus interest, is about \$———.

Of particular interest to establish the very successful financial operation of the fund is exhibit No. 1, submitted herewith, covering the operations of the fund for 7 years, 1949 to 1955. It will be noted that the balance in the fund more than doubled in the 7-year period, increasing from \$2,825 million to \$6,193 million in spite of the failure of the Government to make an appropriation in 1954 or in 1955 to cover its part of the normal yearly payments. You will note the average annual increase of the fund in that 7-year period was \$477 million. The indications are that in this fiscal year the balance will increase over one-half billion dollars.

During the 35-year history of the fund, annuities have been successively increased by Congress. That the fund could well afford such increases is demonstrated by the successive large annual increases in the balance in the fund. At

first thought that situation may surprise you, but we must remember that in effect the fund is a Government monopoly selling annuities to its employees. A Government monopoly is bound to be a financial success. If at any time the business needs more income because of increased liabilities brought about by legislation providing increased annuities the Congress increases the price of the annuities. The Congress has increased the price to its employees on three occasions (1926, 1942, 1948) and if it is advisable, the precedent heretofore established may again be followed. Therefore, it appears clear that the fund is bound to continue to be sound and a financial success.

When I was a boy my father taught me that "experience is the best teacher." I urge the members of the committee to place due value on the successful experience in the operation of this monopoly business of selling annuities in which the retirement fund is engaged. Don't place too much exclusive dependence upon predictions, based upon actuarial tables, etc., that the fund cannot afford to pay additional benefits. "Look at the record," as Al Smith used to say. Carefully examine the past history of the business as reflected in its financial statements over the years. These statements cover a very successful experience of more than one-third of a century. The board of directors of this business were the Members of Congress during the past 35 years. During that 35 years they did not depend exclusively on the advice of actuaries when they considered important factors in relation to the business such as proposed annuity increases. Many times they disregarded the advice of the experts who claimed the liabilities of the fund were excessive, that it should be fully funded on an actuarial basis, and that it could not afford the increases under consideration. That the able Members of Congress displayed wise judgment by not depending completely on such advice is now evident by 35 years of successful operations. The conservative Government advisers made dire predictions for 35 years about the fund, but the sound judgment of the trustees—the Members of Congress—demonstrated that the experience of the fund is also a dependable yardstick to use in determining the future business policy of the fund.

The experience reflected in the 35 years the fund has been in existence covers a period of sufficient duration to be of real value in planning its future activities as the average life of an employee after retirement is about 11 years, therefore, we have had 3 cycles of retirees. The average years of employment before retirement covers about 23 years, so we have had about 1½ cycles of Government employment. While industry, insurance companies, and the Federal Government were forced to make very big cuts in salaries, etc., during the depression years, the fund was able to continue to pay the full amount of all annuities even though Congress had substantially increased the annuity benefits that were provided in the original act of 1920.

There are three important factors to be considered in reference to the amendments we propose, as follows:

(1) Are the proposed annuity increases for persons already on the rolls warranted and are they desirable to the Government?

Based upon the amount required to allow the civil-service retiree and his wife to enjoy a very moderate American standard of living they are warranted and based upon the announced policy of the Government to encourage efficient young men and women to make a career of Government service, it does appear to be good administration desirable to the Government.

(2) What will the increase cost the fund?

About \$55 million the first year for the annuitants now on the rolls.

About \$6 million for the survivors now on the rolls.

After the first year the amounts will be successively and substantially reduced because of deaths and in about 10 years a big proportion of the payments will have stopped. In another few years the payments will only require what may be regarded as a nominal amount.

(3) Is the fund sound enough to afford the proposed increases and also to continue to meet its liabilities?

The fund can afford to pay the proposed increases and continue to meet its liabilities. This appears evident from the report of the Kaplan committee recommending a 35-percent reduction in the income of the fund, and it is confirmed by the administration bill S. 3041, introduced by Senator Carlson on January 25, proposing such a reduction.

The basis for our statement that the Kaplan committee report and S. 3041 establishes that the fund can afford this additional drain is as follows:

The Kaplan Committee was established by Congress in 1952 to make an intensive study of methods for future financing the fund, etc. The committee has an appropriation of \$250,000 and, therefore, has funds with which to hire actuaries, accountants, etc., to determine the financial condition of the fund, including its future income and liabilities. The committee had the benefit of Government actuaries and other Government employees very familiar with the operation of the fund. The committee embraced 3 Cabinet members, other very able officials, the chairman of the United States Civil Service Commission, the Director of the Budget, and the chairman of the Federal Reserve Board—men with extremely valuable experience to make sound decisions regarding the reports, etc., which were prepared by actuaries and other members of the staff of the committee. The committee study extended about a year and one-half. One of the important proposals of the committee was that the income of the fund be very substantially reduced and they stated that in spite of the substantial reduction the fund could afford to continue to pay the annuities provided by the present retirement act. Their proposal is to reduce the salary deductions of the Government employee which support the fund from 6 percent to 3½ percent on amounts up to \$1,200. Likewise, the annual appropriations of the Government as its contributions for the support of the fund would be reduced. The reduced annual contributions from the employee would result in a reduction of about 35 percent of the income contributed by employees. The conclusion must follow, that if a 35 percent reduction in income is proposed by the Kaplan Committee and by the administration, and that the same benefits will continue to be paid, that the fund is in such excellent financial condition that it can well afford to reduce the income of the fund by the amount specified.

The bill now under consideration, S. 2875, does not propose to reduce the income of the fund. It provides that the 6 percent salary deductions be continued and proposes to increase the annuities when employees retire at future dates by about 33⅓ percent. Does it not necessarily follow that if the Kaplan Committee proposal to reduce the income of the fund by about 35 percent and still pay the present benefits is a sound proposal, that if the income of the fund is not reduced, the fund can afford to pay 33½ percent increases in annuities, and do so without jeopardizing the financial stability of the fund? The proposal of the Kaplan Committee to reduce the income of the fund has been endorsed by the United States Civil Service Commission, the Budget Bureau, other administration officials concerned through the introduction of S. 3041. The decision of the administration to propose such legislation is, in my opinion, evidence that establishes that the administration now considers the fund over-financed by about 35 percent.

We fully recognize that the increases covered by the amendment we propose will not nearly equalize the annuities of employees heretofore retired with the annuities of employees who will retire after January 1, 1957, but it will, to a degree, give them some deserved consideration. We believe such consideration will be deemed fully warranted by Congress. We consider it fair and proper to adjust the annuities of future retirees according to the rates proposed in S. 2875. However, when such action is taken it would be equitable to also adjust at the same time the annuities of employees already retired. A considerable part of the salary deductions collected during their Government career from the employees already retired was in 100-cent dollars, and they are now being paid in 50-cent dollars. Unless there is a decided change in the future value of the dollar, these retired Government servants will continue to be paid in 50-cent dollars.

We believe you will agree that it would be fair and proper for an employee retiring in 1956 at an average 5-year salary of \$5,000, and with 30 years of service, to be paid an annuity approximately equal to the annuity of an employee retiring under the same average salary and length of service in 1957. Likewise, employees who retired last year or a few years ago with the same average salary and length of service should receive an annuity approximately equal to the amount paid to an employee who retires in 1957. Each such employee devoted the best part of his adult life to the service of his Government. Each such employee entered the Government service back in the twenties with the expectation that he would receive an annuity in hundred-cent dollars.

The example below will establish that while the employee retiring in 1957 under S. 2875 will receive fair and proper consideration, his fellow employee

who retired a few months before him, having the same length of service and the same average salary, will collect a much smaller annuity:

5-year average \$5,000 and 30 years of service:

Annuity of employee who retires in December 1956..... \$2, 370
 Annuity of employee who retires in January 1957..... 3, 000

Difference..... 630

(Similar wide differences occur in most of the other salary ranges and periods of service.)

In order to give fair and proper consideration to the employees who will have retired before January 1, 1957, we strongly urge that the amendment we propose be approved by this committee.

To indicate that the proposal we urge is moderate and fair, we submit the following comparison of the companion bills introduced in the 1st session of this 84th Congress by Senator Johnston (S. 1153) and by Representative Morrison (H. R. 3791), which provided (sec. 15) annuity increases for employees already retired, with the provisions of the amendment we propose. Our proposal is for increases much lower than the increases provided in the Johnston and Morrison bills, as since their introduction, a compromise bill providing for an average increase of \$153 was passed.

	Increases proposed by S. 1153 and by H. R. 3791	Proposal we recommend to be inserted in S. 2875	Reduction in benefits proposed for S. 2875	
			Amount	Percent
For employees retired for 1 year.....	\$256	\$160	\$96	38
For employees retired for 2 years.....	352	270	132	38
For employees retired for 3 years.....	448	280	168	38
For employees retired for 3 years and 3 months or more (maximum).....	500	300	200	40

Chairman Kerr and fellow Senators on the committee, we also respectfully suggest an amendment as follows:

Strike out the paragraph in the amendment to section 8 of the Civil Service Retirement Act of May 29, 1930 (Public Law 369 of 84th Cong.), which states that such increases shall not exceed the sum necessary to increase such annuity * * * to \$4,014 and add that the increase shall not exceed \$360; also add that the increase shall be effective the first day of the second month following the enactment of this Act.

By striking out the limitation all persons affected will have their annuities increased as of the effective date of S. 2875 by the percentage rates provided by Public Law 369 or by \$360, whichever is the lesser.

The basis for this proposed amendment is as follows:

(1) The limitation is an unfair discrimination against employees who diligently served their Government an extra long period of years;

(2) Against employees who for years carried extra heavy responsibilities for the Government; and

(3) Against employees who contributed the largest amounts to the retirement fund.

There is nothing in the Civil Service Retirement Act as originally passed by the Congress, or in any subsequent major revisions of that act, which provided that employees in the upper salary brackets, were to be singled out and penalized by the imposition of arbitrarily fixed ceilings on annuities, not applicable to other retirees. If in setting up the Civil Service Retirement Congress had intended that employees in such upper salary brackets were to have lower ceilings on their annuities than the others, it is believed that the Congress would likewise have provided for them a lower percentage of the salary deductions which they were required to contribute to the civil-service retirement fund. On this general subject, the Kaplan Committee report has this to say: "When adjustments in annuities are made, the original relationship of the basic annuity to the salary and service of the annuitant should be maintained."

The United States Senate passed the bill which resulted in Public Law 369 without a limitation. The report of the United States Civil Service Commission

on the bill did not propose a limitation. Many members of the House have indicated that they think the final bill would have been fairer without the limitation. The original bill introduced by the chairman of the House Post Office and Civil Service Committee did not contain a limitation. The cost of the proposed amendment would not be excessive as it relates to only about 1 percent of the annuitants. (Perhaps about \$900,000 the first year, and successively reduced amounts for about 10 years, at which time only a few of the beneficiaries would be alive, and the cost would then be a very nominal amount for the few remaining years of their lives.)

The proposed revision (Johnston bill, S. 2875) does not place a limitation on the increased amount of the annuity a retiree will receive, except 75 percent of his average 5-year salary. The first bill (1948) providing increases for civil-service employees already retired, which was passed by Congress, did not exclude an annuitant because his annuity was above a certain amount. The Armed Forces do not set any limitation on the increases in annuities of persons already retired. The Congress did not place a limitation on increases in annuities of firemen and policemen of the District of Columbia already retired when it passed the Equalization Act in 1922 providing for subsequent annuity increases of retirees already on the roll. Industry does not place a limitation on pension increases of persons heretofore retired when such increases are granted to their retirees.

The limitation in question was agreed to in a conference of Senators and Representatives held a few hours before Congress expected to adjourn. Because of the approaching adjournment, we are informed that the Senate conferees who were strongly opposed to the limitation did not deem it advisable to stand out for eliminating the limitation at that time, as such a stand might have jeopardized the passage of the bill in that session. We know of no other private, State, or Federal retirement system which in a similar manner penalizes the faithful servants who devoted extra long periods of years to the employer, who carried extra heavy responsibilities for his employer, and who contributed extra large amounts to the retirement fund. We feel it equitable and just to correct this unfair discrimination.

We further respectfully suggest for the consideration of your committee an amendment to S. 2875 which will provide that when a general adjustment of Federal employees' salaries is made by Congress as a result of the increased cost of living that annuities of employees already retired shall simultaneously be adjusted by the same average percentage.

The basis for this suggestion is as follows:

Down on the farm the country folks have for years had the sound American philosophy that "What's good for the goose is good for the gander." This philosophy is also concurred in by all classes of Americans. If the Congress determines that a cost-of-living increase is warranted for the present employees in order that they may enjoy a decent American standard of living, we believe that in all fairness Congress should at the same time recognize the plight of the aged, the sick, and the disabled civil-service retirees who devoted the best part of their lives to the service of their Government and grant them a similar increase. There is solid precedent in our Government for this procedure as it has been followed for years by the Army, Navy, Air Force, Coast Guard, Marines, Public Health Service, and some other Government agencies.

Such automatic increases have been proven through long experience in the above agencies to be a practical, a just, and an equitable procedure. The precedent was also followed in 1922 when Congress passed the so-called Equalization Act providing that retired District of Columbia policemen and firemen shall simultaneously be granted proportional annuity increase at such times as active policemen and firemen are granted an increase in salary. This procedure is followed in some other Government agencies. This principle was endorsed by the Kaplan Committee in its final report. This principle was in effect approved by the United States Civil Service Commission in its report to this Senate committee on July 24, 1955, when it recommended annuity increases for present annuitants based upon the average salary increase that had been granted to Government employees by Congress at that time.

If this principle is put into effect, it will save many man-hours of the valuable time of Senators and Representatives who otherwise may have to attend hearings such as this hearing in order to give consideration to proposed annuity increases. It will allow the Members of Congress to devote more time to legislation of much greater importance. It will save the cost of the time of committee staffs, of printing hearings, etc., etc. It will save the cost of the time of Gov-

ernment executives and their staffs, especially high officials of the Budget Bureau and the United States Civil Service Commission. It will save the aged, sick, and disabled annuitants from continuous worry about future periods of inflation, which would cause further depreciation in the value of their annuity dollar. The principle has been recognized and approved by industry.

THE PLIGHT OF CIVIL SERVICE ANNUITANTS

Employee annuitants number close to 250,000, with an average monthly annuity of about \$135; of these approximately 27 percent were retired for disability. Survivor annuitants number close to 75,000, with an average monthly annuity of about \$49. Nearly half of the employee annuitants get less than \$100 a month, and more than half of the survivor annuitants get less than \$50 a month. The problems of the aged and their dependents in trying to live on these small incomes are heart-rending. We get many pitiful letters from civil-service retirees from all over the country, and I would like to read a few excerpts that are typical:

From Oklahoma: "My husband has hardening of the arteries of the brain. Eyes beyond seeing to read or write; even discarded his glasses after trying three eye specialists could not fit him any more. No money for operations. His health has impaired his memory and for these last few years I even had to give up work to be home with him."

From New York: "I am a widow and have been very ill since I lost my husband 4 years this December 29. I only get \$12 a month—I could use more—yes, I get my social security of \$34 a month—the rest I have to old-age assistance and starting May 1 I only get from them around \$33.30 a month, so you can see I only have \$12 to dress myself on."

From Kansas: "I may have to go to a nursing home very soon, and that costs \$40 a week, and then I just could not pay the bill at my income, \$141 a month, and as it is it has me guessing all the time how to make ends meet. My wife died in 1944 and I could not save anything while I was working, as she was in the hospital 9 times and operated upon 7 times, so you, can see the reason of my destitution."

From North Carolina, April 30, 1955: "I am 72 years old, retired 11 years from civilian employee of the Navy Department, 22 years stretch in Norfolk Navy Yard, without a single black mark on my record—advanced stages of arterial sclerosis, hemorrhoids, hernia, 1 cataract removed but the eye is not well cleared up, and the other cataract can't be removed."

From Florida: "A little over a year ago I had a coronary thrombosis and 2 weeks ago I was operated on and had plastic surgery done on my nose for a skin cancer. I get \$82 a month retirement and it is hard to live on that amount. I sold real estate to help out on my income but since I had that coronary I have not been able to work."

The great fear of most of the old people is the terrific cost of medical attention, hospitalization, medicines, and home care. Annuities of civil-service retirees cannot be made adequate to meet all of the medical needs of old age, but the Government should do what is reasonable to adjust annuities to a level with the present cost of living and thus maintain the integrity of the pension which the employee looked forward to on his retirement.

During the inflationary era which started with the war and has continued in the postwar period, the value of the dollar has gradually dropped until it is about 50 percent of the prewar dollar. Civil-service employees who retired during this period have suffered varying degree of loss of the purchasing power of their annuities, depending on the time when they retired. The longer they have been retired, the greater is the depreciation of their annuity. As you know, the Congress, following the close of the war adopted a general policy of restoration of the loss of purchasing power of annuities of those persons who retired from the Federal service in different categories and under different laws. No uniform treatment was accorded the different Federal groups, but from time to time the Congress has endeavored to aid all of them in varying degrees by restoring the depreciation in their annuities. Civil-service retirees have lagged behind other Federal groups in this respect.

The proposal is that the increases shall be defrayed from the civil-service retirement fund. This means that it will not be a charge against current tax revenues. Over the years the employees have made very substantial contributions in 100-cent dollars to the fund for the purchase of their annuities. The balance in the fund on December 31, 1955, was \$6,477,166,364. The bill would not fully

restore the loss of purchasing power of annuities because of inflation. It would combine with the previous increase to add a just measure of relief to many greatly deserving retirees. In humanity and morality, the Government should treat those particular retirees who have faithfully and efficiently served it in the past as well as it has other groups of Federal personnel, both active and retired. Such action would be another aspect of a sound and humane employer-employee relationship.

Unless the Government acts promptly and frequently from time to time to keep annuities in line with living costs, Government employees will come to dread retirement as a period of life of financial insecurity and worry rather than one of relaxation and security of a well-earned rest of old age. The fore-runners of more inflation—more increases in wages and consequent rising costs of the products resultant therefrom—are again present in our economy. Rises in wages in the automobile, steel, and other key industries are indexes. Already the price of steel has increased substantially. So the cycle starts again. Annuitants need this increase to help remove the inroads of inflation in the past. If they are not kept somewhere up to date with inflation, that which approaches will further damage their purchasing power.

In a statement, Hon. George Smathers, United States Senator from Florida, referred to the annuities of employees already retired and said:

"The Federal Government has a very direct responsibility to our civil-service retirees. It is unquestionably morally obligated to see that the annuities it promised they would receive upon their retirement would have a buying potential which bears a sound relationship to the cost of living. There are some who have in the past maintained that annuities are in effect a contractual obligation. If we for the moment admit that to be true, we have to admit that this so-called contract at the time it was entered into was based not on any precise number of dollars but on the things that could be purchased with those dollars when the contract was made. The fact that the purchasing power of the dollar has decreased in recent years can hardly be attributed to the present annuitants who in absolute good faith contributed 100-cent dollars and are now receiving in return dollars worth approximately one-half of that amount."

Senator Smathers accepts the principle that our Federal Government should continue its interest in disabled and retired civil-service employees and adjust their fixed income or annuity with the economic changes of our Nation. Congress has repeatedly demonstrated its fairness to Government employees by providing increased salaries and fringe benefits, with the changing times, and it is understood that further increased benefits for them are in the making. That is as it should be if our young American citizens are to be encouraged to enter the Federal Government on a career basis. I feel certain the members of this committee also realize that the Federal retirement system must also be made attractive to young Americans.

In view of all the circumstances, we feel that the amendments we propose cover the minimum program for the aged, the sick, and the disabled civil-service retirees, which the present Congress should adopt. Therefore, we respectfully petition this subcommittee to act promptly and to have this proposed legislation reported to the Senate.

Chairman Kerr and the other members of this committee, on behalf of the representatives of the National Association of Retired Civil Employees who are present, on my behalf, and on behalf of the 82,000 members of our association spread over your home States and the other States of this country, I express extremely sincere and deep appreciation for your careful attention and for the privilege of presenting this petition to you today. Thank you.

Operating receipts, disbursements, excess of receipts over disbursements, and balance in the retirement fund for fiscal years 1949 to 1955

	Receipts				Disbursements			Excess of receipts over disbursements	Balance in fund on June 30
	Salary deductions, voluntary contributions, and service-credit payments	Government appropriations	Interest on investments	Total receipts	Payments to retired employees	Payments to survivor annuitants	Payments of refunds and death claims	Total disbursements	
July 1, 1948 ¹ -----									
Fiscal year ended June 30:									
1949-----	\$325, 149, 016	\$226, 032, 000	\$122, 798, 553	\$673, 979, 570	\$146, 704, 613	\$2, 609, 943	\$68, 421, 210	\$217, 735, 767	\$3, 287, 563, 119
1950-----	355, 649, 805	304, 508, 880	143, 173, 559	803, 332, 245	164, 430, 000	5, 777, 921	96, 291, 714	266, 499, 636	3, 842, 229, 352
1951-----	374, 872, 990	307, 117, 455	164, 561, 022	846, 551, 467	185, 421, 904	10, 897, 666	72, 534, 135	288, 853, 707	4, 419, 627, 112
1952-----	414, 782, 450	312,276, 021	188, 130, 280	915, 688, 752	203, 625, 518	16, 079, 596	78, 879, 612	298, 584, 727	5, 037, 031, 138
1953-----	420, 034, 454	325, 304, 154	214, 609, 442	959, 948, 051	246, 711, 418	23, 472, 466	91, 023, 429	361, 207, 314	5, 635, 771, 876
1954-----	425, 000, 030	35, 303, 239	225, 654, 018	685, 957, 288	281, 560, 565	29, 445, 478	98, 118, 629	409, 124, 673	5, 912, 604, 490
1955-----	440, 284, 878	33, 678, 729	234, 377, 235	708, 340, 843	312, 609, 339	35, 332, 452	82, 590, 595	430, 512, 387	6, 193, 150, 207
Total-----	2, 755, 773, 626	1, 544, 720, 479	1, 293, 304, 111	5, 593, 798, 218	1, 541, 063, 359	123, 615, 524	587, 859, 327	2, 252, 518, 212	(²)
Yearly average of 7-year period-----	393, 681, 946	220, 674, 354	184, 752, 730	799, 114, 031	220, 151, 908	17, 659, 360	83, 979, 903	321, 788, 316	(²)

¹ Balance on hand July 1, 1948, \$2,825,000,000.

² In this 7-year period the fund increased over 115 percent.

STATEMENT OF ALFRED F. BEITER, LEGISLATIVE REPRESENTATIVE OF THE NATIONAL ASSOCIATION OF RETIRED EMPLOYEES

Mr. BEITER. Mr. Chairman, I am Alfred F. Beiter, legislative representative of the National Association of Retired Civil Employees. I am accompanied by our national officers, Frank J. Wilson, president, Nalton Ralph Edmonds, vice president and Clarence L. Williams, secretary. Since you have a number of witnesses yet to be heard today, and in the interest of brevity, I should like to request permission to file a statement for the record which outlines in detail our views on S. 2875 and several amendments which we intend to propose. Then I should like to proceed with a summary of our position on the legislation and explain, very briefly, the amendments which we feel are worthy of your earnest consideration.

We are here, Mr. Chairman, to lend our support to S. 2875. We endorse it wholeheartedly.

We suggest the following amendments:

AMENDMENT NO. 1

To provide annuity increases for annuitants and survivors on the civil service retirement roll at the date of enactment of S. 2875.

To accomplish this purpose we suggest the following language:

(a) The annuity of any employee who, before the date of enactment of this Act, was retired and is receiving or entitled to receive an annuity from the fund, shall be increased, effective on the first day of the second month following enactment of the Act, by \$100 plus \$10 for each two full months elapsed between the commencing date of the annuity and the date of enactment of this Act: *Provided*, That such increase in annuity shall not in any case exceed \$300.

(b) The annuity of any survivor, except children covered in paragraph (c), who, on the date of enactment of this Act is receiving or is entitled to receive an annuity based on the service of a former employee, shall be increased, effective on the first day of the second month following the date of enactment of the Act, by \$80.

(c) The annuity of any child who, on the date of enactment of this act, is receiving or is entitled to receive an annuity based on the service of his parent, shall be increased by \$50—

Mr. Chairman, some of the statements that have been passed around here "by" is substituted for the word "to." It is a great difference, and I would like to have the record show that it shall be increased "by \$50" rather than "to \$50"—

effective on the first day of the second month following the date of enactment of this Act: *Provided*, That the annuity of each such child shall not at any time exceed \$1,200 divided by the number of children then receiving annuity.

This amendment is similar to a provision in S. 1191, introduced last session by Chairman Johnston, except that we suggest a smaller increase in annuities than was proposed in that bill.

This amendment is in accord with the recommendation of the Kaplan committee that it is incumbent upon Congress, when liberalizing the retirement formula for future annuitants, to reexamine the benefits paid to annuitants already on the rolls with a view to adjusting their annuities as warranted.

Since S. 2875 liberalizes the formula for future annuitants but has no provision for the adjustment of annuities of persons already on the retirement rolls, we believe our amendment is appropriate.

Retirees already on the rolls retired on pay rates that had not been fully adjusted to the cost of living. Hence, their annuities were out of gear with living costs from their inception. Industry and business generally have voluntarily granted cost-of-living adjustments in the pensions of their retired employees over and above the strict legal requirements of their pension system.

Some corporations pay the entire costs of their employees pension plans and some have provided escalator clauses in their pension rates so that, as the cost of living goes up, the pensions are automatically adjusted to meet it. For instance, General Motors recently granted increases of at least 28 percent in the pensions of employees already retired, and similar increases in the rates for those retiring in the future. The Ford Co. also granted increases to employees already retired based on the pensioner's service credit at the time of retirement.

In our detailed statement we have submitted facts and figures to support our contention that the cost of this amendment would not reduce the retirement fund by any dangerous degree, nor would it weaken it unduly. The Kaplan committee considered the fund so sound that it proposed that the income from salary deductions be permanently decreased from 6 percent to 3½ percent on salaries up to \$4,200. This would result in an income cut of about 35 percent. The Kaplan committee stated that after this income cut became effective, the fund would still be able to pay the same benefits as under the present act. If the fund could continue to function with a substantial reduction in income, it stands to reason it could afford to pay the increased annuities we propose here, especially if salary deductions remain at 6 percent as contemplated by S. 2875. Furthermore, the cost of the increases in annuities for future retirees as provided in S. 2875 will be very moderate during the first few years and the full impact of the increases will not be reached for from 20 to 25 years.

Through the years actuaries and experts have claimed that potential liabilities of the fund are excessive, that it should be actuarially fully funded, and that it could not afford increases which have been proposed or authorized by Congress from time to time. But through 35 years of successful operation these dire predictions have never been realized, and the fund continues to be sound as demonstrated by successive large annual increases resulting in a balance in the retirement fund of \$6,477,166,364 on December 31, 1955.

We stress the fact that the increases we propose will not nearly equalize the annuities of employees heretofore retired with the annuities of employees who will retire after January 1, 1957, but it will, to a degree give them some deserved consideration. I cite the following example to illustrate that while the employee retiring in 1957 under S. 2875 will receive fair and proper consideration, his fellow employee retiring a few months ahead of him, having the same length of service and the same average salary, will collect a much smaller annuity.

With a 5-year average salary of \$5,000 and 30 years of service, the annuity of an employee who retires in December 1956, would be \$2,370. The annuity of an employee having the same 5-year average salary and the same years of service, retiring in January 1957, would be \$3,000

or a difference per annum of \$630. Similar differences in most of the other salary ranges.

Obviously, this is an injustice. The amendment we propose would correct this inequity.

AMENDMENT NO. 2

To delete the provision in Public Law 369, 84th Congress, which established a ceiling on the increased amount of annuity a retiree may receive, and substitute in lieu a stipulation that the increase authorized by such law shall not exceed \$360; and that such increase shall be effective the 1st day of the second month following enactment of this act.

This amendment would remove the limitation on the amount of increase a retiree may receive under Public Law 369. The limitation is discriminatory—

(a) Against employees who diligently served their Government an extra long period of years;

(b) Against employees who for years carried extra heavy responsibilities for the Government; and

(c) Against employees who contributed the largest amounts to the retirement fund.

It will be recalled that the Senate approved the bill which became Public Law 369 without this limitation. The original bill introduced by the chairman of the House committee did not contain such limitation.

There is ample precedent for this amendment. The armed services do not set any limitation on the increases in annuities of persons already retired. Congress did not place a limitation on increases in annuities granted to firemen and policemen of the District of Columbia. Industry does not place a limitation on pension increases of persons heretofore retired when such increases are granted to their retirees.

The limitation in Public Law 369 was agreed to in conference just prior to adjournment in the closing hours of the last session. It is our understanding that the Senate conferees were opposed to the limitation but felt if they held out against it the whole bill might be jeopardized. We recommend this amendment as equitable and just to correct a discrimination which we believe was never intended by the Congress.

AMENDMENT NO. 3

To provide automatic increases in annuities of Federal retirees whenever the salaries of active employees are increased.

This proposal has the endorsement of the Kaplan Committee. It has solid precedent in our Government as it has been followed for years by the Army, Navy, Air Force, Coast Guard, Marines, Public Health Service, and some other Government agencies.

If the Congress determined that a cost-of-living increase is warranted for active employees in order that they may enjoy a decent standard of living, we believe that in all fairness Congress should, at the same time, recognize the plight of the aged, the sick, and the disabled civil-service retirees and grant them a similar increase. This principle has been recognized and approved by industry.

Mr. Chairman, nearly half of the employee annuitants get less than \$100 a month, and more than half of the survivor annuitants get less than \$50 a month. Many of them, to use the words of a famous American, lead lives of quiet desperation. The great fear of most of them is the terrific cost of medical attention, hospitalization, medicines, and home care. A considerable part of the salary deductions collected during their Government career was in 100-cent dollars, and they are now being paid in 50-cent dollars. To provide basic economic protection for these older people and for their survivors, we propose automatic increases in annuities whenever the salaries of active employees are increased.

We respectfully urge this subcommittee to act favorably and promptly on S. 2875 and the amendments we have proposed.

We have endeavored to limit this summary to a general statement in support of the bill with emphasis on basic amendments which we feel are most necessary and advisable.

Our detailed statement, submitted for the record, contains much supporting data which we have collected from competent sources and we hope it will have your attention when time permits.

Thank you for this opportunity to present our views.

I would like to make a correction of my statement. It has just been called to my attention. I referred to S. 1195, it should be S. 1153.

Now, Mr. Chairman, I would like to put on my other hat and—

Mr. BRAWLEY. Do you propose to read the next statement, sir?

Mr. BEITER. No, I have had that submitted for the record.

I would like to put on my other hat now and testify as president of the National Customs Service Association.

STATEMENT OF ALFRED F. BEITER, NATIONAL PRESIDENT, NATIONAL CUSTOMS SERVICE ASSOCIATION

Mr. BEITER. Mr. Chairman and members of the committee, I am Alfred F. Beiter, national president of the National Customs Service Association. We represent some 8,000 officers and employees of the United States Customs Service. Our members are career Government employees. The Customs Service is outstanding among Federal employee groups for its low turnover, because the nature of the work is so interesting that those who have once become part of this agency seldom leave it, except to retire.

Our members are enthusiastic about S. 2875, the bill now before you for consideration. It is a fact that this bill will provide the things career civil-service employees have long sought, such as: Early elective retirement, less reduction for age under 60, less or no deduction for electing a survivor, and best of all, an increased factor for the computation of annuity.

Our national committee on retirement has studied S. 2875 and, on the basis of the aforementioned features alone, highly favors its passage and urges that it be reported favorably to the Senate.

Mr. Chairman, our retirement committee has made certain comments relative to some provisions of the bill which we submit now in the form of suggestions rather than proposed amendments for your consideration. I shall touch on them briefly, with a very minimum of explanation since most of them require little elaboration.

Page 3, section 1 (e) : We think the average salary period could very well be based on a 3-year period rather than a 5-year period, with very satisfactory results and with very little increase in cost. This would afford some slight benefit to those who fulfill the duties of a higher position satisfactorily for a limited period. Three years should be conclusive proof that the employee is qualified in the performance of his work. In the case of involuntary retirement or retirement because of disability, the 3-year period would provide some benefit.

Page 5, section 1 (1) : Discontinuance of the interest after December 31, 1956, on the sum now in the fund and on the future payments of over 2½ million employees at the rate of 6 percent of their basic salaries is a very substantial gain to the Government and a loss to the employees. It is true that objections may be raised to this bill because of the additional cost involved and the savings resulting from the elimination of the interest would cover a substantial part of the increased cost. If salary deductions are to be increased from 6 to 7 percent, as has been proposed by some legislators, the increased cost may be fully met. We would accept either or both the loss of interest and the increased payment if the benefits as stated in the bill were approved.

Page 15, section 6 (c) : Present law permits FBI agents, customs agents, narcotics agents, port patrol officers, and so forth, to retire on full annuity after 20 years of service at the age of 50. S. 2875 would include employees in the field service of the Bureau of Prisons, Federal Prison Industries, Inc., and employees of the Public Health Service assigned to such field service, in this category of employees whose duties are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States. We suggest that the committee consider including customs inspectors in this classification. Inspectors are charged with the duty of preventing smuggling and in the course of their duty frequently apprehend known or suspected criminals, narcotics peddlers and persons under the influence of narcotics. We have collected a great deal of data which we would like to submit to the committee staff for study on this subject when the time permits.

And if I may deviate at this point from my prepared statement, I should like to call the committee's attention to the weapons I have here. These are homemade knives, blackjacks, and yoking chains seized by customs inspectors from persons crossing the Mexican border.

Mr. BRAWLEY. Are you submitting those for the record, sir?

Mr. BEITER. I cannot very well submit them for the record, but I do want the committee to see the types of weapons which customs inspectors run into during the course of their inspection duties. It will be noted there are switch-blade knives and various types of sticks, used as clubs. Persons entering the country with this type of weapon are apt to be narcotic peddlers, smugglers, and certainly not up to any good.

This will give you some idea of the hazards which customs inspectors encounter. We plan to present some of the material we have collected on this subject to the staff so that the committee will have all of the details on which we base our request for an amendment to this section of the bill.

Page 16, section 6 (d) : It is suggested that the committee give consideration to changing this section to provide an immediate annuity to employees involuntarily separated who have completed 20 years of service. An employee who has served between 20 and 25 years of service and has not reached age 50 would not be entitled to an annuity until age 62. A separated employee of middle age, after having spent 20 to 25 years in Government service would have gained little skill of value to general outside industry. Because industry is hesitant about hiring middle-aged employees, especially if they lack the required skill, the chances of reemployment in a comparable position are small.

At this time of life when an employee has assumed heavy family obligations with the reasonable expectation that his permanent status could be relied upon, he would be fortunate if he could find work even in a poorly paid field, menial in character. Therefore, we entreat you to give special consideration to employees who have lost their positions through no fault of their own and who must start a new career under such difficult conditions.

Therefore, we believe that this part of the bill should read :

Any employee who completes twenty years of service shall, upon involuntary separation from the service, not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

Page 21, section 9 (a) : The ceiling on annuities is reduced from a maximum of 80 percent to 75 percent, but we believe the maximum should remain at 80 percent because career employees have long service and can easily be affected by a 75-percent maximum. The reduction seems to have been made only for the convenience of uniformity.

Page 24, section 9 (f) : We would suggest the following addition to this section :

If the designated wife or husband should predecease the employee or member making such election, the reduced annuity shall be recomputed as if no election had been made.

It seems unjust to have to continue to pay for the coverage of a spouse who no longer exists, inasmuch as the Government will never have to pay an annuity to a survivor. It is only proper that the full annuity should be restored to the annuitant.

Page 26, section 19 (a) (3) : The new retirement bills, including Senator Carlson's bill, would allow a surviving widow or widower to remarry after age 55.

Forfeiture of the annuity presents an obstacle to contemplated remarriage for lonesome people seeking companionship, because of the gamble that the marriage may or may not last, but the annuity is lost.

Page 26, section 10 (c) : We would suggest that a surviving widow or widower should be allowed to remarry after age 55.

Page 36, section 15 (a) : This section provides that annuities shall not be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process. We suggest the committee consider adding the word "taxation." Federal employees pay income taxes on all their yearly earnings including the amount deducted from their salaries for the retirement fund. The annuitants must maintain a lower standard of living aggravated by the fact that Federal income-tax payments are deducted from their pensions bought with their previously taxed earnings. Those under the Railroad Retirement Act or receiving social security are not taxed in this respect.

Page 40, section 4: Continuation of prior rights should include the statement that the annuity shall be not less than would have been received if this act had not been enacted.

Gentlemen, we believe, without detracting one iota from any of the laws that have come out of this committee in the past, if the purpose of this bill can be substantially achieved, this legislation will deserve to be ranked as one of the outstanding legislative accomplishments of the past two decades insofar as Federal employees and their dependents are concerned.

I thank you.

Mr. BRAWLEY. Thank you.

I think we have one out-of-towner, Mr. Edward McCabe. Mr. McCabe was asked to come before the committee today and made a trip from Nashville, Tenn.

Mr. McCABE. Mr. Chairman, I have filed my brief with your committee and I do not think there is much I can add that has not already been said here except to say that we are unequivocally in favor of S. 2875 and want to go on record as favoring it. There is one addition that we would like to have you give your consideration to and that is where an employee has accrued more than 1,000 hours of sick leave, we feel that some reward should be given to these employees who have accrued this sick leave and to this end we propose that you include in your bill some provision which would allow the cash value of the sick leave to be added as an additional contribution to the fund.

For example, if an employee had 1,000 hours of sick leave valued at \$2 an hour, his annuity would be increased by the amount that the \$2,000 would buy.

We put that in for consideration in your deliberations.

I want to thank you for the opportunity for presenting this brief and urge the passage of same.

STATEMENT OF EDWARD McCABE, CHAIRMAN OF COMMITTEE ON LEGISLATION, NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES

Mr. McCABE. Mr. Chairman, I am Edward W. McCabe, chairman of the committee on legislation and past president of the National Association of Internal Revenue Employees. I am here on annual leave from my position in the Office of the District Director of Internal Revenue, Nashville, Tenn.

First, I want to commend Senator Olin Johnston, of South Carolina, for his untiring efforts in behalf of Federal employees and for the introduction of S. 2875, which will revise the Civil Service Retirement Act. I also want to commend the members of his committee for the help they are now giving and have been giving to Federal employees throughout the years.

We of the National Association of Internal Revenue Employees wholeheartedly support Mr. Johnston's bill to revise the Civil Service Retirement Act and implore the members of this subcommittee to favorably report the bill to the entire committee.

We generally favor all of the bill; however, we would like to recommend certain additions thereto:

1. We favor the provision that would allow optional retirement after 30 years of service without reduction in his annuity. Many

municipalities and several State governments now permit this provision. The Johnston bill allows retirement after 30 years of service regardless of age; however, the annuity is discounted if the employee is under age 60. It has been argued that this feature would cost the fund considerable moneys; however, I doubt that the additional costs would be as high as anticipated because of the fact that many of the employees would not want to retire after 30 years of service.

Second, most of the employees would be around 55 years of age or older, when they attain 30 years of service.

2. The bill being considered provides that any employee who attains age 62 and completes 5 years of service shall, upon separation, be paid an annuity as provided in the act. An exception is provided where any Member of Congress has 10 years of service and reaches age 60.

We feel that this exception should be extended to the Federal employees as well; that is, when an employee reaches age 60 with 10 years of service he should be allowed to retire if he so desires.

3. The bill provides that at the time of retirement the retiree may elect to take a reduced annuity and designated in writing his wife—or her husband—to receive a reduced annuity after the retired individual's death. We would like to advocate that this be made mandatory without a reduction of 10 percent of the amount in excess over \$4,000. We feel that just as under the Social Security and Railroad Retirement Acts, survivors' benefits should be provided automatically without election. So many individuals fail to make the election and innocent ones suffer as a result of this omission.

4. Your bill provides that if an employee dies after completing at least 5 years of civil service, the widow or dependent widower of such employee shall be paid an annuity. We believe that where the decedent has dependent children under age 18 that an immediate annuity should be allowed the survivors if he has at least 18 months of creditable civil service. This feature is contained in the Social Security Act.

Further, the computation for the survivors should be set at a minimum amount of not less than \$50 per month.

5. We have many Federal employees who have accrued more than 1,000 hours of sick leave. We feel that some reward should be given to these employees who have accrued this sick leave. To this end we propose that you include in your bill some provision which would allow the cash value of the sick leave to be added as an additional contribution to the act. For example, if an employee had 1,000 hours of sick leave at \$2 an hour his annuity would be increased by the amount that \$2,000 would purchase an additional annuity. However, the value of the insurance would not be considered cash in case of his death.

I wish to thank you for the opportunity of testifying on behalf of S. 2875.

Mr. BRAWLEY. Thank you very much, Mr. McCabe.

Are there any questions from either Mr. Kerlin or Mr. Johnson?

Mr. KERLIN. I have none.

Mr. BRAWLEY. Thank you very much.

Are there any other witnesses who desire at this time to either present their statements or read their statements for the record.

Mr. WALTERS. Mr. Brawley, Russ Stephens represents the American Federation of Technical Engineers in Miami but his assistant is here.

I am sure he would like to present Russ' statement, with your permission.

Mr. COUGHLIN. I will not take long, it is relatively short.

STATEMENT OF RUSSELL M. STEPHENS, PRESIDENT, AMERICAN FEDERATION OF TECHNICAL ENGINEERS, AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, PRESENTED BY EDWARD COUGHLIN

Mr. COUGHLIN. Mr. Chairman, I am Edward Coughlin, assistant to President Russell M. Stephens, of the American Federation of Technical Engineers, affiliated with the American Federation of Labor and Congress of Industrial Organizations. I am grateful for the opportunity to appear before this committee to state our views in endorsement of S. 2875.

In behalf of the employees of the Federal Government that we have the privilege to represent, I wish first to express our deep appreciation to Senator Olin D. Johnston for his recognition of the necessity of improving and strengthening the Civil Service Retirement Act and for the very excellent recommendations which are presented to the Congress in S. 2875. We very heartily endorse the intent of the bill as presented.

While a civil-service retirement law has been on the statute books for a great number of years now, it has been necessary to periodically reexamine that law and make necessary changes to prevent its obsolescence by changing conditions, unseen economic pressures and radical upheaval in our national age pattern. It is time now to take another stride forward.

Many thousands of words of testimony have been spread on the record during previous hearings on retirement legislation, but it seems to me that the most eloquent testimony never got on the record. This testimony was written on the anxious faces of the old folks who filled the hearing chamber and jammed the corridor outside. Their hands were cupped attentively behind their ears so they did not miss any word of testimony deciding their financial fates.

These old folks who came to listen were a cross section of the retired Federal employees, their widows and dependents who were paying inflationary prices with retirement checks computed on a non-inflationary basis.

Is it asking too much to assure our retirees that the percentage of income deducted from their salary earnings will buy the necessities of life in their later years commensurate with their contributions?

As conditions governing retirement payment to workers in private industry change as a result of collective bargaining efforts, so in fairness should conditions governing retirement for Federal workers keep pace with the times.

Mr. Chairman, although we endorse the intent of S. 2875 we do, however, have several recommendations for amendments to the bill that I would like to submit for the consideration of the committee.

It is our recommendation that the definition of the term "basic salary" as described in section 1 (d) of the bill be redefined in order to include in the computation of annuity the total gross salary earned as an employee of the Federal Government. This would include for

computation purposes such items as hazardous duty differential, overtime premium pay, longevity and meritorious salary increments and overseas service salary differential.

We also recommend an amendment to section 7 (d) of the bill which sets forth the method of discontinuing disability annuity. The bill as written provides that such disability annuity shall be discontinued whenever the employees' income for 2 succeeding calendar years is equal at least to 80 percent of his salary immediately prior to his retirement. This is an unfair feature in that it provides that the formula for determining recovery from a disability is based upon unequal factors.

I would like to cite an example, Mr. Chairman, of what would happen under such a provision.

Let us, for instance, examine the case of an employee retired on disability during the first half of the year 1945. Let us assume that such an employee was an engineer at the GS-5 level, earning at the time \$2,000 per annum. Such an employee would lose his disability benefits at such time as his income averaged \$1,600 per annum.

At the present time the salary for the same position due to general salary increases and special legislation permitting higher entrance rates for engineers under the Fringe Benefits Act of 1954, has been raised from \$2,000 per annum to \$4,345 per annum, or an increase of almost 120 percent. Therefore, under the bill as written the employee would be dropped from the disability rolls when his average earnings approached 37 percent of the earnings which he could have expected had he retained the same position with identical duties and responsibilities.

I do not believe that such is the intent of the bill and recommend that the last sentence of section 7 (d) be eliminated.

Mr. Chairman, I should also urge that section 7 be properly amended so as to make it compulsory that the Government, in fairness to its disabled employees, provide a position in Government service comparable in grade to his last position before removing him from the disability retirement rolls.

In closing I would like to say for the record that our organization is opposed to the principles as outlined in S. 3041, especially as concerns the coordination of social-security benefits with the Federal employees retirement system. I cannot urge too strongly that this committee report promptly and favorably on S. 2875 with the preceding necessary amendments.

I thank you most sincerely for the opportunity extended to me to present the views of our organizations with respect to the pending legislation.

Mr. BRAWLEY. Thank you very much, sir.

We cannot extend the hearing in time any longer, but if there are any who wish to present their statements at this time to be printed in the record as though they were personally read, I am sure Chairman Scott would appreciate it very much.

Mr. McAvoy. Could I submit this and just say a word for the record with your permission?

Mr. BRAWLEY. Yes.

STATEMENT OF HAROLD McAVOY, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE AND POSTAL TRANSPORTATION SERVICE MAIL HANDLERS, WATCHMEN, AND MESSENGERS

Mr. McAvoy. My name is Harold McAvoy. I am national president of the National Association of Post Office and Postal Transportation Service Mail Handlers, Watchman, and Messengers.

We would like to go on record as fully endorsing the principle as outlined in S. 2875. I would like to say, also, that our chairman of our retirement committee representing the Government Employees' Council, Mr. Keating, completely covered the thinking of our people.

We are part of the American Federation of Labor and Congress of Industrial Organizations, and the Government Employees' Council.

At this time, I would like to thank you for the privilege of appearing before you.

You have several retirement bills before you and your subcommittee members for consideration. Among said bills is S. 2875, introduced by Senator Olin D. Johnston, who is chairman of your full committee. Our people, the mail handlers, watchmen, and messengers in the postal service, after careful consideration, fully endorse the provisions outlined in this bill.

The mandatory separation section, which would provide for automatic separation at age 70, regardless of length of service—S. 2875 would permit retirement after 30 years of service at any age—increase $1\frac{1}{2}$ percent of average basic salary to 2 percent, plus add an increase in disability annuities—permit a widow to receive immediate benefits, instead of the waiting period of 50 years of age.

On the other hand, S. 3041 points toward coordination of our retirement system with social security. This bill would not help our people in any way, because we enter the postal service to make same a career service and look forward to our retirement system to be helpful in our retirement.

Thank you for the privilege of appearing before you.

Mr. BRAWLEY. Thank you very much, Mr. McAvoy.

Mr. GRAVITT. I would like to present our statement and ask that it be incorporated in the record and make one point that we oppose the reduction of changing the 80-percent limitation to 75 percent, because that would reduce some of the future annuities by 5 percent to our people who probably would not have an annuity of more than \$800. We wish to thank you for appearing and that you would consider that point in the statement.

STATEMENT OF C. B. GRAVITT, JR., SECRETARY AND LEGISLATIVE REPRESENTATIVE OF THE NATIONAL LEAGUE OF POSTMASTERS OF THE UNITED STATES

Mr. GRAVITT. Mr. Chairman, my name is C. B. Gravitt, Jr., secretary and legislative representative of the National League of Postmasters, the oldest organization representing postmasters, with members in every State and Territory.

I want to express my appreciation to the subcommittee for the opportunity of presenting the views of our organization on S. 2875,

the bill to revise the Civil Service Retirement Act, which is of vast importance to each and every one of our members.

We have received many letters from postmasters requesting our organization to support changes within the framework of the Civil Service Retirement Act which would provide more liberal retirement benefits. Our organization urges the committee to take favorable action on S. 2875. However, we recommend that changes be made in the bill to avoid unnecessary hardship cases.

We oppose the reduction of the present limitation of 80 percent on average basic salaries to 75 percent, as this would work to the disadvantage of many postmasters who are receiving small salaries. Postmasters whose average salary for 5 consecutive years is \$1,000, reach the maximum annuity after serving approximately 23 years, yet they must continue to pay the 6-percent deduction from their salaries into the retirement fund. It is most unfair for these employees to pay 6 percent of their small salaries when it will no longer increase their annuities. It would certainly be equitable to discontinue the 6-percent deduction after reaching the 80-percent limitation.

Mr. Chairman, it is the purpose of S. 2875 to provide greater retirement benefits. However, by changing the restriction from 80 percent to 75 percent, many employees will find their annuities actually reduced 5 percent. We ask that this proposal be changed so as not to reduce these small annuities and at the same time eliminate the requirement whereby 6 percent is taken from the employees' salary when it will no longer increase his annuity.

We ask that section 5 (a) be changed so that individuals now in the service may complete 15 years of service regardless of age. To change the law now without allowing such individuals to complete 15 years' service would appear to be most unfair.

There should be no doubt as to the need for greater coverage and benefits more nearly approaching the minimum standards required to assure the fundamental necessities of life to those reaching retirement age after a lifetime of faithful and useful work.

Section 6 (b) is an improvement over the present law which would permit retirement after 30 years of service at any age on a reduced scale, based on the number of months the employee is under 60 years of age. We recommend retirement after 30 years' service on full annuities regardless of age.

The present law fails to provide annuities for employees with 20 or more years, but less than 25 years' service, who are involuntarily separated through no fault of their own.

We strongly support section 6 (d) which would provide an immediate annuity on a reduced basis to employees involuntarily separated who attained the age of 50 years and have rendered 20 years' service.

Mr. Chairman, in regard to total disability annuities, the present law does not provide a minimum. This should be corrected without delay, and S. 2875 provides a reasonable solution whereby the annuity of any employee retired due to total disability after meeting the 5-year eligibility requirement will be at least 40 percent of his annual salary.

The method of computation of annuity should be more liberal. Care must be exercised in order not to reduce future annuities for employees who are now employed.

The present requirement of reducing annuities by one-fourth of 1 percent for each month under age 60 should be lowered. Section 9 (d)

appears to be reasonable in that it would reduce to one-twelfth of 1 percent per month for each month up to 30, one-eighth of 1 percent each month in excess of 30 and up to 60, one-sixth of 1 percent each month in excess of 60, the employees under the age of 60 at the time of retirement.

We are glad to approve legislation which removes the 5 percent reduction on the first \$1,500 of annuities when an annuitant makes a joint and survivorship selection.

The time is long overdue for legislation to give immediate annuity payments to widows on the death of their husbands, regardless of age, or whether they have dependent children. The present law should be changed as widows under 50 without dependent children have to wait until age 50 in order to receive annuities.

The provisions of S. 2875 to liberalize widow and children annuities is most meritorious. Surely new retirement legislation should allow payment of children's annuities where there is a surviving widower, providing that the widower was dependent upon the annuitant for his support.

We feel that the time has come to exempt from Federal income tax civil-service retirement annuities. It is most difficult to find justification as to why annuities under social security or the Railroad Retirement Act are exempt from income tax while employees retired under the Civil Service Act are required to pay income tax on their annuities.

Federal employees are entitled to fair treatment from the Government when they have served honorably, diligently and efficiently all their working lives. When retiring they should feel they have adequate security to see them through the last years of their lives, but we must keep in mind the decrease of the purchasing price of the dollar to avoid reduced living standards, hardship, discouragement and fear of insecurity for the future.

Mr. Chairman, we have great confidence in Members of Congress to provide legislation so that employees who figured and planned to enjoy life in the future will not be disillusioned.

In conclusion I would like to state the retirement bill, S. 2875, now being considered is highly meritorious since it would increase future annuities and survivorship benefits of Federal employees.

I wish to thank the committee for the opportunity of appearing here and trust you will take favorable action on this retirement legislation in the near future.

Mr. BRAWLEY. Thank you, Mr. Gravitt.

Is there anyone else?

If not, the hearing is adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:25 p. m., the subcommittee was adjourned to reconvene at 10 a. m., Thursday, February 9, 1956, in room 135, Senate Office Building.)

CIVIL SERVICE RETIREMENT

THURSDAY, FEBRUARY 9, 1956

UNITED STATES SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
CIVIL SERVICE RETIREMENT SUBCOMMITTEE,
Washington, D. C.

Met, pursuant to notice, at 10 a. m., in room 135, Senate Office Building, Washington, D. C., Hon. W. Kerr Scott (chairman of the subcommittee) presiding.

Present: Senators Scott (presiding), Case, and Neuberger.

Staff members present: H. W. Brawley, executive director and J. Don Kerlin, assistant staff director.

Senator SCOTT. The meeting will come to order.

The first witness is George Riley, legislative representative, AFL-CIO.

I am going to ask Mr. Brawley to take charge because we are trying our best to get our agricultural bill out, and there is more concern on that and more interest on that right now than anything else that is before us.

Those of us who have had farm experience know that there is always a time to sow and a time to reap, and the farmers want to get started on what they are going to do, or rather they want to know what the Government is going to do and then what they have got to do; so if you will excuse me, I will ask Mr. Brawley to take charge and go right ahead with the hearing.

I will say again to you that we want to give every consideration that is proper to the propositions that are worthy, so, Mr. Brawley, if you will take charge.

Mr. BRAWLEY. Will you proceed, Mr. Riley?

STATEMENT OF GEORGE D. RILEY, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. RILEY. Thank you. I am George D. Riley, legislative representative, American Federation of Labor and Congress of Industrial Organizations. I am here in support of the Johnston bill both officially and personally. We have with affiliated organizations now some half-a-million-odd members whose employment is in the Federal civilian service.

They operate directly through the Government Employees' Council, which council was formed some 11 or 12 years ago, and of which I had the honor of being its first operations director.

I suppose I followed the plight of Government employees and their problems and their hopes and their ambitions and gains and losses over the years, perhaps as long and maybe even longer than anyone in this room.

I have written about it, I have talked about it, and I have worked at it and worked in it.

This bill, the Johnston bill is in our opinion the answer to some of the hopes that have accumulated in recent years to extend and improve the provisions of the Civil Service Retirement Act.

We are definitely opposed to any building the bridges across from one system to another, notably the retirement system and the social security system.

No. 1, we don't believe it is needed; and, No. 2, the vast majority of those in the service do not wish to have it that way.

We feel that those who are operating under this act are, shall we call them, subscribers in good standing. The Members of the Congress we regard as the trustees of this system, and as members in good standing, or if you want to call them common-stock holders, we think they are entitled to quite a voice in the operation and destiny of their own system.

I only need to go to the words of the principal official opponent of the Johnston bill to give you the philosophy and the purpose in furthering the civil-service retirement system, and these are his words:

The civil-service retirement system is a staff retirement plan for about 90 percent of all Federal employees which provides annuity benefits in amounts related directly to length of Federal service and to salary earned.

As a part of the personnel policy of the Government, it fulfills three major objectives:

1. It serves as an inducement for the best qualified people to enter and make a career of Federal service.
2. It provides a humane method of separating superannuated employees by retiring them on annuity.
3. It provides career employees with security against want in old age.

Those are very good words. I am perfectly willing to adopt them as an expression of my own belief in this matter. They were said by Mr. Young of the Civil Service Commission, and I think they are factually correct.

Then if you contrast those words with what the purpose of the social-security system is, then you get, of course, an entirely different philosophy. The social-security system is not designed to be an informal extension of active employment. The person under social security does not pay the same deduction, but there is something in common, the social security with the fund, the fund is way down just as it is these days in the civil-service plan. I believe they say that the civil-service plan is now about \$5 billion in the red.

That was not brought about because employees were derelict in putting their contributions in, those who are under the compulsion of putting it in.

The Congress lost sight of the Government's obligation in this matter early in the existence of the civil service retirement plan. In 1934 one of our affiliated unions called attention to the sagging condition of what was then regarded as the solvency of the civil-service system's fund.

There was considerable discussion, and the Congress in its wisdom saw the righteousness in setting up a formula which would in due

course throughout the rest of the years of this country at the rate of \$100 million a year amortize the Government's obligation in relation to the system.

Senator CASE of New Jersey. Excuse me, because I am getting an education as I go along here. Was that particular act and that particular proposed appropriation over the period related to the then arrears or was that an amount that was calculated to keep the fund solvent?

Mr. RILEY. The arrears then. It was then \$5 billion.

Senator CASE. There is a difference of view about that. Some people have quoted it as \$9 billion or \$10 billion.

Mr. RILEY. We are not the ones to hold out for actuarial soundness and so forth. We think the word of the Government is good and just as good as the paper money we have in our pockets, but, nevertheless, when you throw at us that this fund is not actuarially sound, then, of course, we come to these decisions.

We are willing to see whatever resources there are in the fund taken over by any system, including the social-security system, whether it be in the guise of building these fancy bridges across to get the benefits from social security and which are still lacking in the civil-service retirement plan or not.

If there are any good things to be had under social security, we want to see them added to the system and within the framework of the civil-service plan. I think before you came in I mentioned the words of Mr. Young of the Civil Service Commission, and I used them as good and valid words as the philosophy underlying the civil-service plan.

I think they are quite good, and I put them in this statement of mine for whatever value you may find in them.

This discussion comes up as between those proposals largely because of the final report by the Kaplan Committee. To my way of thinking Mr. Elliott Kaplan is a very fine man. I have great admiration for him.

I remember when he was the executive secretary of the National Civil Service Reform League, and then they took the word "reform" out of it, and they called it the Civil Service League.

But for the life of me I never knew that he was a great retirement expert. It is true that he was in charge of Governor Dewey's State retirement system up there, but I did not know that he had all these attributes, but I am not going to question all the attributes. I am going to give full faith and credit to his report and say we still do not like the report no matter who produced it and who sponsored it or who signed it.

With those few words, well chosen or otherwise, Mr. Chairman, I will submit those views and ask that these statements be made a part of the record.

Senator CASE. I have no questions. Do you, Mr. Brawley?

Mr. BRAWLEY. Yes; one, Senator Case. I think the record should show that Mr. Riley brings to the committee a long history of work and activity on Federal employee legislation.

He was chief counsel to this committee in the 80th Congress, which was when the last major amendment to the Retirement Act was passed, the Langer-Chavez-Stevenson Act.

Mr. RILEY. May I rest then on a brief note there? In the brief time I was here, obviously I was under the civil-service system. I did

not get full equity to give me a vested right. I pocketed my loss. I have no complaint whatsoever. I feel this is a system for career persons, and I took my chances coming in for a short time and going out.

I did lose something by not having the value from that system and by losing the time under social security. I feel that is a synonymous situation which should apply to those in the Government service with respect to the inners and outers. I think they should take the same hazards. If they are going to be careerists, they should be given the full benefits of this legislation improved through the years, as the Congress gets around to it, and gives it its full and conscientious attention.

Senator CASE. Thank you very much. Do you have any questions, Senator Neuberger?

Senator NEUBERGER. No questions.

Senator CASE. Then thank you very much, Mr. Riley.

Mr. BRAWLEY. The next witness is James P. McCann, president of the United States Customs Inspectors Association of the Port of New York.

STATEMENT OF JAMES P. McCANN, PRESIDENT OF THE UNITED STATES CUSTOMS INSPECTORS ASSOCIATION OF THE PORT OF NEW YORK

Mr. McCANN. Mr. Chairman and members of the committee, my name is James P. McCann. I am a customs inspector and president of the United States Customs Inspectors Association, Port of New York.

Our association, which represents the largest single group of customs inspectors in the Service, is indeed grateful for this opportunity to submit our views on Senate bill 2875.

In our opinion this bill constitutes the greatest forward step ever made in consideration of Federal employee retirement, and we wish to endorse it most heartily. Members of the committee and the committee staff are to be commended on their progressive thinking and the excellent job that has been done in drafting S. 2875.

The provisions of this legislation will correct many of the inequities existent in present law and will boost employee morale more than any other congressional act in recent years.

We find the bill well-balanced and beneficial to all employees. It is vital, enlightened legislation and cannot fail to enhance any personnel recruitment program by attracting many capable, zealous, and dedicated young people to Federal service.

It is our earnest hope that the Congress will share our views and will enact it into law.

While we consider that this is outstanding legislation, we suggest that this honorable committee may wish to give further consideration to the inclusion of customs inspectors under section 6 (c), page 15 of the bill, in view of the fact that the duties of customs inspectors are quite different than those of Government employees generally.

The primary duty of customs inspectors is the enforcement of the laws of the United States relating to the importation of merchandise, and the Customs Service has the sole responsibility in the prevention of smuggling.

In the fulfillment of his duty, the customs inspector is responsible for investigating all suspected or actual violations of these laws; for searching persons and cargo entering into the United States; for seizing goods or merchandise the importation of which is forbidden, and for apprehending and detaining all persons suspected of or, in fact, violating these laws.

No attempt will be made here to detail the infinite number of laws, regulations, and decisions which customs inspectors are required to enforce. In their enforcement duties, police powers as broad, and in some cases broader than those normally exercised by enforcement officers, have been granted to customs inspectors by statute and recognized by the courts.

Neither a warrant nor an arrest is needed to search in most circumstances. Customs inspectors are authorized to carry firearms, and they work in close cooperation with the Federal Bureau of Investigation, the Bureau of Narcotics, and practically all other Federal, State, and local law-enforcement agencies.

Prevention of the smuggling of narcotics is the responsibility of the Customs Service, and many outstanding seizures of heroin and other narcotic drugs have been made by customs inspectors.

By reason of long uninterrupted hours of duty, the position of customs inspector is essentially a young man's job. Because of the arduous nature of their duties, many customs inspectors grow old before their time, and the often nerve-racking and emotionally upsetting character of the work has resulted in physical breakdowns and many heart attacks.

Of the 512 customs inspectors at the port of New York, approximately 70 men could qualify under the "30 years of service regardless of age" clause of the bill.

Customs inspectors enter the service at grade GS-7, \$4,525 per annum, and progress to the top of grade GS-9, \$6,250 per annum. The bill could conceivably produce to the Government a saving of as much as \$1,725 per man, per annum, through the filling of vacancies at the GS-7 level, as each position becomes vacant through retirement.

At the port of New York alone, 70 men would be eligible for retirement with a net saving of approximately \$120,750.

S. 2875 would indeed have far-reaching effects in improved employee morale, while simultaneously providing a format of retirement more nearly commensurate with the duties and hazards of the position of customs inspector.

The average age of customs inspectors throughout the country is approaching a high mark, and the force is in danger of becoming superannuated. We respectfully suggest that the committee review section 6 (c) of the bill, with the above thoughts in mind.

If the committee should desire further information on these statements, we would be happy to supply anything that may be required for the record.

S. 2875 has so many fine provisions that Senator Johnston is deserving of praise and gratitude of every Government worker for his sponsorship of it. We are happy indeed to endorse it, and feel confident that this most worthy and much-needed change in the Retirement Act will be forthcoming.

Thank you, Mr. Chairman and members of the committee, for allowing me to appear here today and for your courteous attention.

Senator CASE. Thank you, Mr. McCann. Senator, do you have any questions?

Senator NEUBERGER. No, thank you, Senator Case.

Senator CASE. Do you have any, Mr. Brawley?

Mr. BRAWLEY. No.

Senator CASE. I have just one of you, Mr. McCann. What is the average age of customs inspectors? Do you have the figure as to what is the average age of customs inspectors at the port of New York?

Mr. McCANN. It is approximately 45.

Senator CASE. How does that compare with the general average throughout the country?

Mr. McCANN. I would say it is similar.

Senator CASE. About the same?

Mr. McCANN. That is right; yes, sir.

Senator CASE. Thank you very much.

Mr. BRAWLEY. The next witness, Mr. Chairman, is Mr. John Swygert, national secretary of the National Association of Postal Supervisors.

STATEMENT OF JOHN D. SWYGERT, SECRETARY OF THE NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

Mr. SWYGERT. I am John D. Swygert, Mr. Chairman, secretary of the National Association of Postal Supervisors, representing approximately 20,000 postal supervisors in the postal field service. This membership includes supervisors in the custodial and motor-vehicle service, as well as those in post offices.

I am accompanied today by Mr. Albert G. Briggs, the treasurer of the association.

We appreciate this opportunity to express the views of our membership on this vital subject and wish to thank the chairman and members of the committee for scheduling hearings at this early date.

Many bills have been introduced in the Congress which would liberalize the Retirement Act and provide desired benefits for postal supervisors, and we appreciate the efforts of those in the Congress who are working in our behalf. However, today we will confine our remarks to S. 2875, which is sponsored by the senior Senator from South Carolina, Olin D. Johnston.

S. 2875 would liberalize the Civil Service Retirement Act of 1930 and provide many benefits which have long been sought by postal supervisors. It maintains the present 6 percent deductions presently provided under the law, but does not affect the solvency of the civil-service retirement fund, provided the Congress meets its obligations and appropriates its share to the fund on an annual basis.

The solvency of the civil-service retirement fund is of tremendous concern to our membership as they are all long-service, career employees who have a vital interest in this matter; and we do hope that some specific plans will be formulated by the Congress which will guarantee the continued soundness of the civil-service retirement fund.

The desirable features of the proposed legislation are as follows. No. 1, maintains the present mandatory retirement age of 70 years.

No. 2, provides full annuity after 30 years of service and 60 years of age. No. 3, continues present eligibility requirements for disability retirements with a payment of 40 percent of the average salary. No. 4, continues present "deferred retirement" provisions for those separated after 5 years of civilian service. No. 5, provides a formula of 2 percent of the average salary multiplied by the years of service, with an annuity limited to 75 percent of the average salary. Makes possible retirement after 30 years of service, regardless of age, at a greatly reduced cost to the employee.

This formula is one-twelfth of 1 percent for each month up to 30 months, one-eighth of 1 percent for each month between 30 and 60 months, and one-sixth of 1 percent for each month over 60 months under age of 60 years.

Present law provides retirement at 55 years of age and 30 years of service, with a penalty of 3 percent per year for each year under 60. The savings to the retiring employee at age 55 amounts to nearly 9 percent.

No. 6, eliminates cost of a widows' or widowers' annuity unless total annuity exceeds \$4,000, then cost is only 10 percent on the amount above \$4,000. Widows' benefits become effective at once rather than at 50 years of age.

No. 7, provides increased benefits for minor children.

No. 8, provides for reemployment of an annuitant who is otherwise eligible and recomputation of annuity after 1 full year of service under the 2 percent formula, taking into consideration amounts earned during period of reemployment.

We suggest the following amendments to S. 2875: Section 1 (e), page 3, line 11, delete "5" and insert "3"; section 6 (b), page 15, line 14, delete "a reduced" and insert "an".

The effect of the suggested amendment to section 1 would be to reduce the 5 years' average salary to 3 and the amendment to section 6 would make possible a 30-year service retirement, regardless of age, without penalty.

The National Association of Postal Supervisors has endorsed and supported many of the benefits proposed in this legislation year after year and urge early action to assure liberalization of the Civil Service Retirement Act without the danger of merger or coordination with social security and OASI.

Senator CASE. Thank you, Mr. Swygert. Do you have any questions?

Senator NEUBERGER. Just one, Mr. Chairman. I notice, Mr. Swygert, you said that there was some concern about the solvency of the fund, the actuarial soundness of the civil-service retirement fund.

There is no fear in your mind, is there, that this bill would jeopardize the integrity of the fund?

Mr. SWYGERT. Senator, I am sure that it would not jeopardize the integrity of the fund, but I would like to see some definite plan for financing the Government's portion of the fund. In other words, it should not be left to chance or to budgetary determination or to determinations by others as to just how much should be contributed by the Government each year to the fund.

I would like to see some specific formula in that regard, so that the continued solvency of the fund would be assured.

Senator NEUBERGER. Do you have specific figures as to how much more Congress would have to add to the bill annually if the bill becomes law?

Mr. SWYGERT. Senator, I do not. I am merely a lay person in this field, and I believe it should be actuarially developed as to the amount that is needed to make the fund solvent on an actuarial basis.

I would certainly not be in a position to say how much that should be, but in my opinion, it should be determined by those who are competent and that that should be the amount provided each year.

I am certainly in no position to say just what the contribution should be.

Senator NEUBERGER. But you do have no very alarming fear that the bill would jeopardize the fund?

Mr. SWYGERT. No, I do not, Senator.

Senator NEUBERGER. That is all. Thank you, Mr. Chairman.

Senator CASE. Mr. Brawley, do you have any questions?

Mr. BRAWLEY. No.

Senator CASE. Excuse me one second, Mr. Swygert. Along the line of Senator Neuberger's inquiry, just in a general way, what is your opinion of what constitutes solvency for the civil service retirement fund?

Mr. SWYGERT. In my opinion, the fund is solvent now, Mr. Chairman.

Senator CASE. Would you explain why you say that?

Mr. SWYGERT. Yes, because of the fact that the employee contributions alone to the fund have been sufficient since 1920 to pay all benefits under that fund and leave a substantial balance in the fund.

Of course, if it were computed as insurance companies compute actuarial soundness, I am sure that there would be a deficiency of some billions of dollars.

I do not know just what amount, whether it is 1 or 9 or 13 has been mentioned, I do not know, but it seems to me if the fund has been able to pay the benefits since 1920, which still leaves a balance to the credit of the fund, just using the employee contributions—and you will recall that those contributions were very low at the beginning—I believe $2\frac{1}{2}$ percent and then increased to 3 and then to 5 and then to 6, that certainly it is solvent in my opinion at the moment.

It might take some additional funds to make it actuarially sound, but it is solvent in my opinion at the moment and certainly much more solvent than is the social security.

Senator CASE. I think on that proposition you have no disagreement whatever.

Mr. SWYGERT. My association, while we would not make the statement that we wouldn't accept any benefits under any proposal that would come to us, we certainly are opposed to any merger or coordination or whatever you want to call it, with the social-security system.

Senator CASE. Thank you very much.

Mr. BRAWLEY. The next witness is Mr. Michael Markwood, president of the National Federation of Federal Employees.

**STATEMENT OF MICHAEL MARKWOOD, PRESIDENT, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES; ACCOMPANIED BY
HENRY G. NOLDA, SECRETARY-TREASURER, NATIONAL FEDERATION
OF FEDERAL EMPLOYEES**

Mr. MARKWOOD. Mr. Chairman and members of the committee, I am accompanied this morning by our national secretary-treasurer, Henry G. Nolda.

I am Michael E. Markwood, president of the National Federation of Federal Employees.

We wish to endorse Senate bill 2875 in its main features. The majority of the proposed changes have been covered by resolutions adopted at the national conventions of our organization over a number of years, indicating a widespread and general approval of the proposals.

However, there are some amendments we would like to submit for consideration. There are some provisions with which we are in disagreement and would suggest revision.

Under "Coverage," section 2 (e), presently, by Executive order, the Commission has authority to exclude from coverage employees whose tenure is intermittent or of uncertain duration. Conferring the authority directly upon the Commission is an excellent approach; however, the restriction "except that no employee shall be excluded from coverage who has had more than 6 months' continuous service" would appear to present many problems in connection with the expansion and contraction of the Federal work force in times of a national emergency.

Under "Creditable Service," section 3 (a), we suggest that only separations in excess of 30 days be excluded from credit for retirement purposes. The proposed 3-day period will cover only administrative deficiencies in separations and rehires or transfers, and does not take into account the conditions which surround reductions in force. Budgetary limitations often prevent carrying an employee until he can be properly transferred to some other position in another employing department. Thus, breaks in service in excess of 3 days are frequently encountered under these conditions. This is unfair to employees who may be caught in these circumstances, hurtful to morale, with consequent administrative difficulties.

Senator CASE. Mr. Markwood, I do not want to interrupt you, but at this point I wonder if you could tell us if you have any information as to the amount or the number of cases where these breaks are for a longer period than 3 days and any estimate as to the cost of such breaks.

Mr. MARKWOOD. No; we have not. This would be rather difficult to obtain, Mr. Chairman. The Civil Service Commission may be able to tell from their computations of those who have gone on the annuity rolls, how many lost service credit because of these situations.

You see we had large reductions in force after World War II and also after the Korean incident, and in these cases, of course, where you have a surplus of employees in a competitive market, it sometimes takes a fellow 2 or 3 weeks or a month or more to get a job, or he goes back on the reemployment register and is subsequently selected, which may or may not be within a 30-day period.

Senator CASE. Under the present law he would lose credit for that interim period though he can pick it up again?

Mr. MARKWOOD. That is right.

Section 5 (a): Mandatory separation, we oppose the provision which requires separation of an employee when attaining age 70, regardless of length of service. The Civil Service Commission, under the provision of section 108 of Public Law 112, 84th Congress, approved June 30, 1955, removed age limits for initial appointment to positions.

By this action, the Government indicates to prospective employees that they will be able to serve a minimum number of years and secure a reasonable annuity. Changing the present provision, which permits service beyond the age of 70 until the employee acquires retirement rights, makes age for all practical purposes a disability factor.

We realize that there are some employees who, upon reaching the age of 70, are not able to produce as well as the younger age group; but on the other hand, there are outstanding examples of individuals who, from a physical and mental standpoint, are the equal of men and women many years their junior.

By the same token, there are men and women younger who mentally and physically could be compared with those who have reached their 70th birthday. Under the proposed provisions of section 7 (a) of this bill the interests of the Government would be adequately protected since administrative officers could institute requests for retirement of those they deem physically disabled. There is increasing recognition of the fact that arbitrary limitations on age often tend to be both unrealistic and unfair. We feel that this subject should be reviewed very carefully.

Section 6 (a): Immediate retirement, for a number of years, our organization has felt that the period of service for optional retirement at age 60, with no reduction in annuity, should be reduced from 30 years to a lesser number of years.

As it is at the present, an employee reaching his 60th birthday, who has less than 30 years of service, would normally serve until his 62d birthday, could resign and would then be entitled to a deferred annuity. This, in effect, is optional retirement for a reduced number of years of service. We recommend that the optional retirement provision be changed from 30 to 10 years of service at age 60.

Section 6 (b), the provision for optional retirement after 30 years of service, regardless of age, is a step in the right direction. However, we feel that the limitation of 60 years should be lowered to 55, and that the reduction computed under section 9 (d) should be one-sixth of 1 percent under the age of 55.

During discussions with members of the Civil Service Commission staff, we have been advised that the average age of appointees is approximately 27 years.

Much has been accomplished by the Commission, the departments, and agencies in strengthening the career development program. By lowering the retirement age with full annuity we could calculate the input of new employees, open up promotions all along the line, thus adding incentive and in general vitalize the service.

Section 6 (c), the inclusion of officers and employees of the Bureau of Prisons, Federal Prison Industries, Inc., and the officers and em-

ployees of the Public Health Service assigned to such field service, will remove past inequities.

We feel that the employees of the disciplinary barracks of Department of Defense should also be included. While these civilian employees are primarily engaged in the detention of military personnel, the hazard involved is equal to that of the employees in the groups mentioned above. The Department of the Army operates 5 such barracks where 335 civilians are employed, and the Navy operates 3 barracks having 91 civilian employees. We urge the inclusion of these 426 employees in this bill.

Section 6 (d), we recommend that this paragraph be amended to provide that any employee who completes 20 years of service shall, upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

It is our feeling that the reasons given in the analysis are equally applicable for those employees reached in reduction in force below the age of 50 years. The average age of employees entering Government service is approximately 27 years, and, therefore, would be approximately 47 years of age upon completing 20 years of service.

It is proving equally difficult for those leaving a position with such long service to secure employment between the ages of 40 and 50 as it has been in the past between 50 and 60.

We feel that serious consideration should be given to these factors by the committee.

Exhibit 1, a reprint of an article by Secretary of Labor James P. Mitchell in the January 7, 1955, issue of *Colliers* magazine, contains information which supports our position as set forth already, and I ask that that be included in the record.

Senator CASE. Without objection, that may be done.

(The above-mentioned document is as follows:)

EXHIBIT 1

AFTER 45—ARE YOU TOO OLD TO WORK

(By James P. Mitchell, Secretary of Labor)

Yes, the figure is 45. Shocking as it is people in the prime of life are denied jobs because of their age. The Secretary urges action now to help them.

Workers over 45 often can't sell themselves—yet 3,000 firms found their work equal or superior to that of younger people.

The older worker in the United States is up against a problem that could become disastrous to him and to the entire Nation. I am not talking about the worker who totters with age, but of men over 45 and women over 35 who are healthy and competent, good for 20 years or more of productive labor.

By 1975, according to the Census Bureau, the number of persons 45 and over will total more than 63 million, an increase of 40 percent over 1953. This group will constitute one-half the population over 20 years of age. Unless something is done to give them job opportunities, an estimated half of our adult population will be condemned to a life of economic uselessness.

It used to be that a worker who had managed to save a few thousand dollars and owned his own home could survive many years of retirement without additional income, but that's not true today and probably will never be true again. Fifty years ago, a \$5,000 backlog would take care of an aging couple for 15 or 20 years. Now, if they manage well, they might make out for 2 years. Costs and requirements both have risen. Pensions and retirement plans do not fully

answer the problem. Life expectancy has increased, but our concept of what constitutes old has remained the same.

State Senator Thomas C. Desmond, chairman of the New York State Joint Legislative Committee on Problems of the Aging, got to the root of the problem a few months ago when he said that the word "old" in our culture "is an epithet * * *. Too often it is an affliction, a penalty for survival, a yoke attached by the young and immature."

The Senator's remark concisely expresses the Nation's attitude toward its older citizens. It is an attitude which must be changed if we are to utilize our labor force to its fullest extent. We must realize not only that older people want to work, but that they must work if our economy is to expand. We must learn to respect the experience and the wisdom that they can bring to a job. We must, in short, realize the good that older people have to offer, and separate the real drawbacks from the witches' tales and superstitions. There are drawbacks to youth as well as to age, and they fairly well cancel one another out.

One other fact all of us, and especially employers, must face squarely. Sixty-three million Americans cannot be left to starve. They will demand and must get sustenance, plus minimum attributes for agreeable living. If economic life becomes too hard for them, they will form the most potent group this Nation has known and force some kind of public program for their own survival. This is a possibility industry must face immediately. Will it find places for older workers and make profits from their production, or be taxed much more heavily than now in order to sustain them as nonworkers? The question cannot be ducked.

In attacking this problem, let us begin with a typical case: Jim McDonald's day has ended like yesterday and the day before. He has not found a job. He has now applied for work at every plant in his hometown and in all the surrounding towns. Business is good; all the plants have unfilled contracts; hiring is brisk—but no one wants to hire McDonald. Why? Is he a poor workman? Does he have a bad record in past employment? Is he unskilled and unreliable? Well, no one has inquired very deeply into these questions. If they did, they would find that McDonald is a trained and experienced warehouseman, with 20 years of steady employment in his latest job. Jim is, however, over 45 years of age. Employers in his town and nearby communities prefer to hire younger men.

The reasons are many and varied, but underlying all of them is the national tendency to glorify the values of youth and minimize the values of maturity. This constant association of undesirability with age and desirability with youth tends to embed in our society a viewpoint that shunts the aged out of business, family, and community life.

The facts are that since 1900 the population of the United States has doubled. The number of people 65 and over has quadrupled, and the number 45 and over has tripled. In 1953, the number of people 45 years and older constituted 29 percent of the total population, contrasted with 18 percent in 1900. Yet, although life expectancy continues to increase, the rise in the proportion of the labor force made up of persons 45 and over has been slow. We have added many years to life expectancy, but have not yet figured out what to do with the extra time.

So, Jim McDonald cannot find a job. What is to become of him and his family? What about the thousands of McDonalds all over the country? What is their solution? Insurance? No. Insurance is no substitute for employment. McDonald has approximately 20 years of active, productive life ahead of him. Are we going to put him on dole for that entire period? Obviously not. What, then? His children can't support him; they're not out of school yet. Even if they were, why should they have to bear such a responsibility?

OLDER WORKERS' ROLE IN WORLD WAR II

During World War II, workers 55 years of age and older comprised one-fifth of the civilians who kept the American economy going. Retired doctors returned to the practice of medicine, retired lawyers to the law. Other older workers filled in as clerks, telegraph messengers, delivery boys, waiters, waitresses, plumbers, and practically every other work group which met the public. Thousands of other older workers were employed in factories, shipyards, and on many other construction jobs. Moreover, the reason these workers reentered the labor force was not solely patriotic. For them, it was a welcome chance to become useful and productive again. This conclusion is borne out by the fact

that they did not willingly leave their jobs after the war. According to the Bureau of the Census, during the postwar period of relatively full employment men over 55 kept working, and even more women 55 and over took jobs than in wartime.

Now that the economy has returned to a more normal base of operations, the older worker is being shunted back into retirement. Job barriers are keeping him out of the Nation's labor force.

I believe you can divide these barriers into three distinct types: (1) Those resulting from cultural standards, (2) those erected by the older job seeker himself, and (3) those imposed by industry and labor unions.

Concerning the first category, it is the general American assumption that chronological age is synonymous with physical and mental age, despite experience to the contrary. Department of Labor studies demonstrate dramatically that some people in their forties and fifties manifest all the characteristics associated with aging, whereas many people in their sixties or older do not show any signs of age aside from some lines in their faces and gray in their hair.

For example, a New York employment office report describes one applicant as follows: "His face was haggard, his hands had a discernible tremor, his manner was alternately bold and timid. * * * He repeated himself endlessly and revealed no growth of insight into his problem." This would strike many people as a description of a man of advanced age, yet the applicant was only 51. On the other hand, a Los Angeles report cites a woman of 63 who was remarkably young looking and whose "personality was so delightfully youthful that she could not understand why so many women of her age were so drab." She so deplored this drabness that she set up a business giving private lessons in charm to women over 50.

All of us can think of outstanding cases which demonstrate that mental age is not closely related to physical age. Executives in industry often continue to direct their enterprises actively at very advanced ages. Professional workers, like those in the medical and legal professions, frequently remain mentally alert even after they have become physically enfeebled.

Personnel workers, as well as employers, often fail to consider older workers as individuals. They assume that in any job change the older worker must necessarily be downgraded. They assume that older workers fall into certain limited occupational classifications—for example, service fields; and that certain jobs are preeminently suited to older workers, such as night watchmen or elevator operators. But studies by the Labor Department prove that the range of jobs which older people can perform capably is much greater than most people imagine.

The cultural barriers can best be summed up by saying that biases against older workers stem from a natural human tendency to generalize rather than consider the specifics of individual cases.

During 1950 the United States Employment Service and affiliated State employment services conducted studies in five localities on the employment problems of the older worker. Out of this research has come an awareness that the older worker is often his own main obstacle in getting employment. I know from my own experience on personnel management that the older worker frequently lacks skill in selling himself; he does not know how to carry on an aggressive sales campaign in his own behalf. Often he is so affected by the shock of being unemployed that he reacts in interviews either with overtimidity or overaggressiveness. Moreover, he suffers rapid loss of morale after being repeatedly refused employment, and shows discouragement and bitterness to an extent which lends weight to his potential employer's preconceived notions.

Frequently, too, the older worker is unwilling to change his job or profession. A watchmaker thinks only in terms of watchmaking instead of any related precision work. Woodworkers think only of woodworking rather than allied carpentry trades. This inability to evaluate their own talents affects especially those men who have worked for years at one single operation which has become obsolete. With proper guidance and counseling, however, such problems can be overcome.

A JOB MAKING WOMEN'S DRESSES

I recall the problem of a 54-year-old sheet-metal worker who was extremely discouraged after weeks of job seeking in the metal-trades field. He finally indicated to the employment office counselor that he was willing to try anything. After questioning by counselor, he revealed that before 1940 he had been a contractor for 8 years for an inexpensive line of women's dresses. He had acted

as supervisor and foreman and was also able to operate a sewing machine on section work. Subsequently, he was placed as an assistant foreman in a small dress manufacturing shop at the prevailing wage.

Personal guidance and counseling can help to overcome the problems the older worker creates for himself. Moreover, as older workers continue to increase in numbers, they themselves will tend to realize that the changing times require a new approach to the search for employment. I think it is safe to say that the barriers set up by the older worker against himself are of a transitional nature and will decrease as the population of older people increases.

The most serious obstacles the older worker encounters are usually those erected by industry or labor unions—by the people who actually control the jobs. In the hiring halls and offices of industry the older job seeker meets formalized age barriers. Day after day Jim McDonald and his fellow older jobseekers leave these hiring places with their heads bowed, some bitter, some humiliated, all of them with one phrase ringing in their ears: "You're too old."

The arguments industry puts forth against the hiring of older workers run the gamut from those that might have carried some weight in 1900 but are completely invalid today, to those which result from the introduction of modern insurance and pension plans. Most of the barriers have no basis whatsoever in real life; a few others are questionable.

Many of our foremost production executives argue that hiring older workers means increasing production costs. A leading United States executive told the New York Committee on Problems of the Aging that "keeping older people with diminishing capacity in the labor force tends to raise costs appreciably and reduce efficiency." There are no data, however, which indicate that older men generally produce less than younger men. On the contrary, the Department of Labor has found that older workers produce just as much and sometimes more than the younger workers. A National Association of Manufacturers survey, made in 1951 of 3,000 companies employing more than 3 million people, indicated that 93 percent of the reporting companies felt that workers 45 and older were equal or superior in performance to younger workers.

Nonetheless there is a widespread belief in management circles that low-cost mass production, on which our American economy is based, conflicts with the hiring of older jobseekers. Closely associated with this idea is the cultural theory that young men are needed to buck tough competition. The values of mature judgment, experience, and know-how are rarely equated with the more emotional "drive," "pep," and "dynamic personality" of youth.

Another of the witches' tales is that older workers are injured more frequently than younger men. A study of 17,800 workers in a variety of manufacturing industries, published in 1948 by the Department's Bureau of Labor Statistics, shows that the opposite is true.

Workers over 45, according to this study, had 2.5 percent fewer disabling injuries than those under 45. The study also found that 25 percent fewer non-disabling injuries were sustained by men over 45 than by their juniors. On the other hand, the disabilities of older workers lasted longer. The reduction in injury frequency, however, more than offset this.

Are older workers absent more often than the youngsters? A study conducted by this Department's Bureau of Labor Statistics of 16,500 men in 109 manufacturing plants showed that older workers had a 20-percent better attendance record than the younger workers. Also the 1951 NAM report remarked that many employers found older workers exerted a steadying influence upon younger workers. These employers regularly integrated older with younger workers in all operating units.

In the needle trades of New York City we have a remarkable testimonial to the stability, dependability, and high productivity of older workers. The men's clothing and the ladies' cloak-and-suit industries there are staffed principally by workers over 45, with a large percentage between 60 and 65. These industries are exceedingly competitive. The competition is not only among plants within New York City, but with those in other needle-trade centers such as Philadelphia, Chicago, California, and the South. In the South new plants have been established recently to take advantage of cheaper power, cheaper space, and other low costs. These factories, being new, have the latest equipment. The employers, like all new employers, tend to hire younger employees. Nevertheless, the New York centers have retained their competitive position due largely to the high degree of productivity of the older workers.

PROS AND CONS OF THE CASE

Why, then, do the Jim McDonalds have trouble finding jobs? Part of the answer is found in the fact that most companies have a career policy, promoting from within employees with better-than-average abilities. This policy, they say, is incompatible with the hiring of older workers. They claim further that if they allow older workers to stay on the job after they have reached the retirement age and continue to hire other older workers, young men will never get a chance.

In order to present the other side of this argument, let us examine a few facts. Only 4 decades ago, the average life expectancy of an urban worker was 46.6 years. Today, it has reached 68.5 years, an increase of 22 years. The 40-year-old-man of today has approximately 25 years of productive labor ahead of him. For the most part, industry still bases its employment practices on an obsolete life-expectancy rate. Many industrialists either do not realize or do not want to realize that a 40- to 45-year-old man still has his most mature years to give to a firm. I believe that what is needed here is to redefine the word "old."

If we do this, and couple it with the fact that older workers are not "job hoppers," the whole career-policy argument will lose a lot of weight, if not collapse entirely. Hire a man in his twenties and it's a 2-to-1 bet that he'll stick with you no longer than 3 years. A Bureau of the Census report in 1951 shows that the median duration of employment for men and women was 3.4 years with the same employer. For workers aged 45 to 54, the norm was 6.3 years with the same employer; 55 to 64, 8 years with the same employer, and for workers 65 and over, more than 10 years with the same employer.

The youthful worker does not have to be greatly concerned about losing a job. He has the strength, the resilience, the hopefulness of youth and can get along. But the older worker, who has dependents, must face up to the fact that his first responsibility is to take care of his family. Therefore, he cherishes a job. And the compulsions within him to make good increase as age increases, right up to the end of his productive years.

THE DIRECTORS' FACES GOT RED

"Why," asks the older worker, "should I be forced to retire at a certain age when I want to go on working?" It's a good question. Large firms are justifiably proud of their retirement plans, and boast about the manner in which they are enforced. I recall listening to a company representative laud his firm's retirement plan in a speech before a university audience, pointing out that the program constituted the most efficient manner of replacing the old with the new. But after he was finished, a student raised his hand and asked if the plan applied to the company's board of directors. He received a blush for an answer. You see, the president of the board happened to be 75 years old.

We in the Labor Department can find only a limited argument against the hiring of older workers, and it applies only to those firms which have high-cost pension plans. The employers argue that it costs too much to provide an adequate pension for a man or woman who enters the firm's employ at the age of 40 or over. The insurance firms say that this is not so, or at least need not be so. What is the truth? We do not know as yet. What is needed is a full-scale study of pension plans. Representatives of industry, labor, the insurance companies and Government should get together behind closed doors and thrash out the whole question.

If we fail in our efforts to help older workers find jobs, if in effect we are forced to say to increasing numbers, "You are too old for a job," then we can expect increased pressure for retirement at lower ages. Such pressures would not become effective overnight, but events could happen which would cause them to build up at a rapid rate. The so-called war-baby boom will soon pour millions of entrants into the labor force. In the 1960's, there will be an increase of 9 million in the age group 15 to 24. This is far in excess of the rate of increase in the total population. These young people will give severe competition to older job seekers. Are pensions the answer? Before saying "Yes," we had better examine the cost.

At present, the typical actual retirement age is between 68 and 69. If every person now insured under old-age security insurance were forced to retire at age 65, \$750 million would have to be added to benefit costs in the first year

after such a change. If the age of retirement were reduced to 60, the cost would go up from \$1,500 million to \$2 billion in the first year of operation.

One eminent economist estimated some years ago that if we continued to accept 65 as the arbitrary and actual age of retirement, the cost of pensions for the next 25 years could amount to 17 percent of the payroll. On the other hand Dwight S. Sargent, personnel director of Consolidated Edison of New York, estimated with respect to pension costs in his own company that if an employee works 1 year beyond 65, the amount of savings on his pension plan is about \$1,000. At the same time, there is a saving to OASI (old-age and survivors insurance, under the Social Security System) of another \$1,000. There are also savings in unemployment compensation varying from State to State, depending upon the level of benefits and interpretations of State laws. Such savings, obviously, are to be desired by both industry and the public.

What about the labor unions? The unions, of course, do not act directly against the older worker. Older workers are constituents of labor. It is for the unions to look after their best interests. For the most part, they do. Union pressures for old-age insurance, corporate pensions, medical benefits, seniority and full employment have operated to protect the older person. However, the interest of individual unions in the older worker varies considerably, depending on the age of their members, the age of the union leaders, the nature of the organization, the stage of unionization achieved and so on.

UNIONS OPPOSE "DOWNGRADING"

Some unions refuse to permit workers of declining abilities to be downgraded in pay or position. Thirty percent of the international unions reporting to the New York State committee on problems of the aging said that they refused to allow such downgrading, and 10 percent said that they left the matter up to the locals. All of the internationals reporting, with the lone exception of the International Typographical Union, refused to let their members remain at the same jobs at lower wage rates if unable to do a full day's work. Moreover, management officials reported to the same committee that even when union rules do allow such procedures, the labor leaders violently oppose them during collective bargaining sessions.

Union with hiring-hall arrangements reported they were able to combat management barriers against older workers by controlling the employment referrals. However, unions which utilize work permits sometimes ask older workers who switch from one skill to another to start as beginners.

Thirty percent of the internationals reporting to the committee stated that they do not allow part-time employment of retired union members. The unions, of course, fear that such permits would cut the potential earnings of full-time employees.

These practices and rules make up employment blocks for older workers. They are not, perhaps, as all enveloping as the formal age qualifications set up by management, but they do contribute to the whole picture.

"If maturity is not an asset," says architect Frank Lloyd Wright, "then our civilization passes into failure."

If it is not an asset, the 83d Congress (average age 54.5) and the President's Cabinet (average age 58) are hotbeds of senility. If it is not an asset, we have been electing the wrong men President of the United States; all but 6 were 50 or older when inaugurated, and 7, including President Eisenhower, were 60 or more.

We in the Department of Labor are doing all we can to bring the problem to the attention of the American people. In 1954, I formed a departmental committee on the older worker. The committee recommended that I propose to labor and management a six-point older-working policy. The proposals include:

(1) That workers be selected for employment and training on the basis of ability and qualifications for the job, regardless of age.

(2) That workers reaching retirement age be enabled to continue working, if they so desire and are able to do satisfactory work.

(3) That sound labor standards, including health and safety measures and equal pay for comparable work, be maintained in order to increase the employment opportunities of older workers.

(4) That inquiries and studies be conducted into the major reasons for existing limitations on jobs and job opportunities, and that the validity of these reasons be evaluated.

(5) That a program of services to older workers, including counseling, selective placement, individualized job development, training and community cooperation, be developed through the State employment security agencies and other public and private agencies.

(6) That consideration be given to the establishment of systematic programs designed to assist older workers who are eligible and willing to retire to make appropriate plans for the productive use of their time in retirement so that the transition from employment to retirement does not bring undue psychological, social, and economic shock to the individual.

Of these proposals, Nos. 1 and 2 are basic.

In respect to the thorny problem of pension plans and their costs, I intend in the very near future to call a conference of top management officials to discuss the problem of pensions and allied employee benefit plans.

WHEN AGE CURTAILS PRODUCTION

The Wage-Hour and Public Contracts Divisions of the Department have played a substantial role with respect to employment opportunities for older workers who are no longer sufficiently productive to earn the applicable minimum wage under the Fair Labor Standards Act or the Walsh-Healey Public Contracts Act. Special subminimum certificates may be issued to these workers under regulations which permit them to be employed within their capacity in regular industry without exploitation and without endangering labor standards. Certificates are not issued for women workers under 55 years of age, or for men under 60 years. Certificate rates are based upon the individual worker's productivity.

Programs of this type help. Furthermore, the Department of Labor is not alone in its concern for the older worker. The States are increasingly active.

They see the problem daily at the doors of their employment offices. Management and labor groups have also realized the problem, and are taking steps to solve it.

But most of the work remains to be done. We are no longer a nation of young men. If our economy is to continue its high rate of production and not suffer the pangs of mass unemployment, our older workers must be given equal status in the competitive job market. If we are to maintain a skilled work force for the defense of the Nation, our older workers must be allowed to keep their skills up to date and not grow rusty from inactivity.

No matter how much we would like to make youth eternal, we cannot. Inevitably the age of 40 arrives, and if we are fortunate we live to an old age. This problem confronts all of us. The only solution is to hire the older worker and make a profit from his production.

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Mr. MARKWOOD. Under section 7 (d), "Disability retirement": We oppose relating earning capacity to the right to receive disability retirement. The Civil Service Commission Retirement Report for the fiscal year ending June 30, 1954, shows that 8,088 employees retired for disability during the period. These employees had an average of 18 years of service, with an average age of 55.6 years and received monthly annuities of \$92.

Some employees, who develop physical disabilities during the course of their working career, upon consulting their physicians and with consent of their supervisors and administrative officers, are placed in positions involving duties within their physical limitations and continue in service until the disability becomes such that retirement becomes necessary.

In some cases, the salary immediately prior to retirement, as indicated in this section, might be the least they had received during their working career. This would be unsound and unfair.

Under "Computation of annuity," section 9 (d): Consistent with our recommendation for optional retirement after 30 years of service at age 55, with full annuity, we recommend that section 9 (d) be

amended to make the reduction formula one-sixth of 1 percent for each month that the employee is under the age of 55 years. This would bring the reduction into agreement with section 6 (b) of this bill.

Section 9 (g) : Employees or members retiring under section 7, "Disability retirement," should, as a matter of equity, be permitted to elect reduced annuities at time of retirement as otherwise provided in this subsection. The provision "and found by the Commission to be in good health" should be eliminated because obviously employees retiring because of disability can and often do have dependent parents.

Under "Survivor annuities," section 10 (a) (1), we strongly recommend that the amount payable to the widow or widower as a survivor annuitant be increased from 50 to 60 percent of the annuitant's earned annuity that does not exceed \$4,000, in order to increase the present low average of \$48 as shown in the Civil Service Commission Retirement Report for the fiscal year ending June 30, 1954. This average includes payments to surviving children. Similar changes should be made in section 10 (a) (2) and section 10 (b).

Section 10 (c) : We recommend that the amount paid to the widow, dependent widower, or parent be increased from 50 to 60 percent of the annuity of an employee who dies after 5 years of service.

The effect of the above-recommended increases in percentage factor for survivors is shown on exhibit 2, attached.

EXHIBIT 2.—*Effect of increase in percentage factor for survivors at certain salaries*

Average salary	Years of service	Percentage factor	Widow, widower, or dependent parent	Widow with 2 children
\$3,000-----	20	50	\$50	\$100
		55	55	105
		60	60	110
		65	65	115
		70	70	120
\$3,600-----	20	75	75	125
		50	60	120
		55	66	126
		60	72	132
		65	78	138
\$4,200-----	20	70	84	144
		75	90	150
		50	70	140
		55	77	147
		60	84	154
\$4,800-----	20	65	91	161
		70	98	168
		75	105	175
		50	100	180
		55	110	190
\$5,400-----	20	60	120	200
		65	130	210
		70	140	220
		75	150	230
		50	134	214
\$6,000-----	20	55	147	227
		60	160	240
		65	174	254
		70	187	267
		75	200	280

Under "Additional annuities," section 12 (c), we recommend that the survivor benefiting from a joint survivorship annuity should also be increased from 50 to 60 percent of the reduced additional annuity.

Section 17, effective date, section 5, we recommend that, due to the substantial number of employees who will be affected by this act, the

effective date should be the first day of the second calendar month following the date of enactment except as otherwise provided therein. Public Law 369 should be amended to terminate on the effective date of this bill.

In summary, we would like to point out that the proposed bill, if amended as recommended, will provide an added incentive for those career employees now on the rolls to remain in the Federal service and will do much to attract and hold competent men and women in the future.

Much has already been said about the added costs of the increases in benefits, but little has been put in the records as to the cost of turnover in our employment. According to the Hoover Commission Report on Personnel and Civil Service, replacement costs run about \$500 per employee or, during the year 1954, the total cost, based on a 557,000 turnover, would approximate \$278 million. An attractive retirement program adds greatly to the career service and must be regarded in its relation to all the other factors of good personnel administration.

We oppose the proposal of the administration to supplement the Federal retirement system with that of old-age and survivors insurance. Successive conventions of the National Federation of Federal Employees for a long number of years have unanimously opposed any such supplementation, and the complete lack of evidence of the desire on the part of the Federal employees to be included under such a system is apparent from the fact that, during all those years, not a single resolution has ever been presented to our conventions.

There are compelling reasons why this is so. Federal retirement and social security are and properly should be different in scope and purpose.

Federal retirement was established by the Congress as an integral part of the whole system of Federal personnel administration. Career Federal employees have contributed to it over the years substantial deductions from their salaries; Congress has amended the law from time to time both to improve the law in and of itself and in its relationship to the whole system of Federal personnel management; and, also, to safeguard the integrity of the retirement fund.

All sound and proper improvements in Federal retirement can and should be made within the framework of the system as has been done in the past, without confusion, without merger, without supplementation, and without encroachment.

The National Federation of Federal Employees was organized in 1917. For more than 50 years efforts to secure a Federal employee retirement law proved unavailing. In 1920, however, the first retirement law was placed upon the statute books.

Through the years improvements in the law have been enacted. It has amply proved its worth not alone to the employees but to the people and Government of the United States as a vital part of the career service system. During all of these nearly 36 years the administration and functioning of this legislation has been exemplary.

The Johnston bill provides for the most comprehensive revision of the law since its enactment, and does so within the framework of the basic purposes of the Federal retirement system.

It provides a number of important new or improved benefits. It has been the very clear experience of the National Federation of

Federal Employees that career employees are willing to pay their fair and reasonable share of the increased costs of worth while improvements in the retirement system, and, also, to insure permanently the stability and actuarial soundness of the retirement fund.

I appreciate the opportunity of appearing before the subcommittee today.

Senator CASE. Thank you, Mr. Markwood. Do you have any questions at this time, Senator Neuberger?

Senator NEUBERGER. I just want to ask you one question about what you said about changing the 30 years to 10 years of service. You are much more familiar with the technical aspects of this than I am. Would that have a substantial additonal drain on the fund?

Mr. MARKWOOD. No.

Senator NEUBERGER. It would not?

Mr. MARKWOOD. You see, as it is now the employee having less than 30 years, sir, if he is approaching the age of 62, he stays on until he is 62, and then if he wants to retire, he merely gets out. It would be based on his years of service times the annuity factor.

Senator NEUBERGER. I understand that. I just wondered if you changed it so drastically from 30 to 10, if it would lead to any instability in employment.

Mr. MARKWOOD. No; on the contrary. You see, actually, let's assume that an employee had 15 years of service, and he is age 60. All we are doing is shortening that 2 years. We would permit him to go out at 60 rather than wait until he is 62 years, another 2 years, because then he could just merely resign, and under the provisions of deferred annuity he has the vested right after 5 years.

So he resigns and goes out and promptly gets an annuity which we call a deferred annuity, but which actually is in immediate annuity.

Senator NEUBERGER. The provision I am particularly concerned about is where you said you recommend that the optional retirement provision be changed from 30 years to 10 years of service at age 60.

It is not the age I was asking you about. The thing is when with optional retirement, he can take retirement after 10 years rather than 30 years of service, you do not think that would encourage lack of longevity in Federal employment?

Mr. MARKWOOD. No.

Mr. NOLDA. As a matter of fact, Senator, if I may interject, it just reduces by 2 years the time that you would retire, and we have felt for a good many years that this should be changed. What number of them would go out, what percentage of them would go out, would be problematical, because the amount of annuity would be lower.

Mr. BRAWLEY. Of course, it is not just lowering the retiring age from 62 to 60. You are allowing a man to retire after 10 years of service.

Senator NEUBERGER. I could not hear what you said, Mr. Brawley.

Mr. BRAWLEY. The present law says he cannot retire unless he has this 30 years of service, and during that time he has paid money into the system. Then a man of 62 has the same life expectancy whether he gets out at 62 or 60. If he pays into the fund for an additional 2 years, it certainly would not be a serious drain on the fund.

I mean your principle would be the man is retiring at practically the same age and he has not paid into the fund for 30 years. He has only paid in for 10 years.

Mr. NOLDA. He has a slightly longer life expectancy at 60 than at 62, and it has been actuarially computed under the old law that he would probably draw less by serving 2 years less.

Senator CASE. I think the counsel's point is not so much a question of how great the annuity obligation of the fund would be, but the question of the contributions made by the employee.

Senator NEUBERGER. That is what I was trying to get into.

Mr. NOLDA. That would have to be taken and actuarially computed.

Senator NEUBERGER. You have proposed quite a voluminous amount of amendments to the present bill. It has been estimated that the Johnston bill as written may cause the employees to contribute somewhat higher to the bill. Just glancing over your amendments and thinking of the figures that have been furnished the committee by the Civil Service Commission, it might conceivably take an 8-percent contribution from employees. Would you be willing to go that high? Should employees be willing to go that high for these amendments?

Mr. MARKWOOD. Yes; because if we are going to maintain the integrity of the fund and if once and for all, eliminate attempts to give us something that has a broader base on a tax basis, we certainly would.

Senator CASE. What is your concept along the lines of my question to one of the previous witnesses of what constitutes solvency for the fund, Mr. Markwood?

Mr. MARKWOOD. This, we believe, should be based on actuarial soundness on an accrued liability basis.

Senator CASE. In other words, your position is that the fund should be actuarially sound?

Mr. MARKWOOD. As nearly as we can make it on an accrued liability basis.

Senator CASE. By accrued liability, you mean liabilities that have come into being and on which the fund is presently paying—or just to be quite specific, a man still working, though he has worked for a long time and built up a substantial claim is not in your judgment or for the purpose of your answer an accrued liability, whereas someone on the retirement roll, having retired, is an accrued liability, is that what you mean?

Mr. MARKWOOD. No; you see if we had persons who were in and left their deposits and were entitled to deferred annuities, at age 62, we have an accrued liability beginning at age 62, and we should not defer into the future all of our deferred liabilities.

Senator CASE. Then what persons already receiving annuities do you include in your definition of accrued liabilities—persons who have the option to retire immediately, although they may be still working—

Mr. MARKWOOD. That is correct, sir.

Senator CASE. And that who are already retired and persons entitled to retire though still working are what you regard as accrued liabilities of the fund?

Mr. MARKWOOD. We want to be as nearly solvent as we can. The normal, plus interest, method would give us reasonable solvency. This method provides for payments to the fund of the normal cost, plus interest on the unfinanced past service liability. This is a matter, of course, that even the actuaries cannot agree on amongst themselves.

Senator CASE. I fully agree, but what we can do—and I would be very glad if you would like to—after thinking this over and talking about it—have an official view of your organization on this point, nothing as to dollar amounts—of course, that is a matter for mathematicians and statisticians—but rather as to the theory on which you think the fund should be kept solvent, and what you mean by that term.

Mr. KERLIN. Mr. Chairman, the witness has offered quite a number of suggestions, but I heard only one sentence relating to the bill itself. I would like for the record to indicate whether Mr. Markwood favors one bill or the other. It did not seem quite clear to me.

Mr. MARKWOOD. I think in our summary we pointed out that we are not at all, and never have been, interested in any form of supplementation, integration, merger, coordination, or whatever it might be called with social security.

Mr. KERLIN. That is something you are opposed to. What are you in favor of? One bill does not have coordination. Are you in favor of the bill that does not?

Mr. MARKWOOD. We are very, very much in favor of the Johnston bill in its present form; even without the recommended amendments, it represents a very forward and progressive step.

Senator CASE. I have just one more question on the point that you were speaking to just a moment ago. I must confess that I would like to see the benefits of social security available to everybody in the country. This does not mean any particular form of integration or anything else.

But it seems to me that our social-security system is a sound thing and that if it is sound for one group, it ought to be available to everyone.

I would like very much if some of the thinking of your organization and other people could be directed to the question of providing many more benefits than could be obtained without what you conceive to be the defects and dangers of this fund of your own.

I think if the social-security system is sound, and I think it is, I think it theoretically ought to be possible for us to make it available to everybody and to have a system which could be improved and whose improvements would be available to everybody as time goes along and so forth; but I am a little distressed at the feeling that that is not a possibility, in fact, perhaps not even desirable.

I would like, not at the moment, for you to give me any comments that you have on that general proposition, but also to have any thoughts that occur to you upon reflection, because I feel quite strongly still that this is a good thing and we ought to make it available to everybody.

Mr. MARKWOOD. Mr. Chairman, I think the real argument that has been advanced for including the Federal group in the Government's social-security plan are those who move back and forth between commercial employment and Federal employment, and this is particularly true during the periods of mass expansion and contraction of our work force in times of emergency.

I think the real answer to that is the Civil Service Commission has the authority at present by Executive order to exclude these people from our retirement system and permit them continued coverage under the old-age and survivors insurance program, and we believe this should be so.

I do not believe we can ever enact a law that will take care of all future situations, and particularly those that require us to expand and contract our work force in times of emergency.

I think that all of the arguments that have been advanced as to covering those persons who go from the one field of employment to another and then back again, the so-called inners and outers, we should really exclude them, or I think we could develop a system whereby there could be a transfer of credits to their account in the old-age and survivors insurance program, which would solve the problem of the so-called transient group.

I think that all employees' organizations and groups share the same fear that even a partial coordination or a partial merger will over a period of years result in the elimination of what we consider to be one of the keystones of a good career service, and we have got to regard costs in relation to that not only with respect to retirement, sir, but with respect to all costs of maintaining a work force of 2,300,000 people.

For example—and I think it was well pointed out in the Hoover Commission recommendations on personnel and civil service, that something has to be done to eliminate all possible causes of turnover. The turnover for the fiscal year 1954 was 557,000 out of a work force of approximately 2,345,000.

They state here that replacement costs run about \$500 per employee turnover, which cost the taxpayer about \$278,500,000 in 1954.

If turnover could be dropped to 23 percent—in other words, reduced from 557,000 to 529,000—in 1956, a saving of \$14 million could be achieved, and a drop to 20 percent would save \$48,500,000.

The replacement cost excludes the amounts borne by each agency, for expense of varying degrees of security clearance for each new employee, and of course, does not take into account the incalculable loss in terms of experience and know-how which go out of the service with each separated employee.

So, when we talk about how much more it is going to cost the Government as a contributor to our system, I think we have to look at all the cost that the Government is now bearing, and on which there is no return.

Senator CASE. I quite agree. Are there any other questions of Mr. Markwood?

(There was a negative response.)

Senator CASE. Thank you, Mr. Markwood.

Mr. MARKWOOD. Thank you very much.

Mr. BRAWLEY. Mr. Warren B. Bledsoe, president of the National Association of Rural Letter Carriers.

STATEMENT OF WARREN B. BLEDSOE, PRESIDENT, NATIONAL ASSOCIATION OF RURAL LETTER CARRIERS; ACCOMPANIED BY JOHN W. EMEIGH, NATIONAL SECRETARY, NATIONAL ASSOCIATION OF RURAL LETTER CARRIERS

Mr. BLEDSOE. For the record, I am accompanied today by John W. Emeigh, national secretary of our organization, and I am Warren B. Bledsoe. I am president of the National Rural Letter Carriers' Association, representing a paid-up membership of more than 36,000 comprising more than 90 percent of all regular classified regular rural

letter carriers in the Nation. The balance of our membership is composed of retired, temporary, and substitute rural letter carriers.

We welcome this opportunity to appear before this subcommittee to present our views and recommendations on the proposals before you for the liberalization of annuity benefits under the provisions of the Federal Civil Service Retirement Act.

Our position on this important subject is predicated upon a unanimous convention mandate which is further supported by a unanimous vote of the national board of this association.

We strongly oppose any type of coordination of the civil-service retirement system with social-security benefits under the provisions of the OASI Act.

We strongly endorse and support a realistic approach to the liberalization of the retirement provisions of the civil service retirement system. Such liberalization must, in our opinion, be incorporated within the framework of the Civil Service Retirement Act.

Our opposition to the principle of coordinating civil service and social security retirement for Federal employees is threefold:

First, we oppose it from the standpoint of cost of operation. It would be necessary to install and maintain separate retirement accounts for each Federal employee in both civil service and OASI. In addition to the administrative cost of maintaining these duplicate records, it would be necessary to process each application for retirement by both civil service and OASI.

Then, after retirement of the employee, it would be necessary for both of these agencies to prepare and mail checks each month covering his monthly annuities under both systems. This would impose an undue cost burden in handling and processing retirement benefits.

Secondly, we oppose the proposed coordination because it is our belief that subsequent assessments on the employee would eventually result in an increased cost to Federal employees.

Third, and most important, such coordination would not provide any immediate improved income benefits to retiring employees themselves, but would require several years' operation before actual increased dollar benefits would accrue.

S. 2875, which is before you for consideration, more nearly meets the economic requirements of Federal employees than any other legislation which is presently being considered. We therefore place ourselves on record as supporting and endorsing S. 2875 with the following suggested amendment:

(a) We suggest that proper language be incorporated in S. 2875 to provide an annuity for widows of employees who died in service or the widows of annuitants who died prior to April 1, 1948, without providing survivor annuities for their widows at time of retirement. This suggested annuity should be based on the present method of computing annuities for widows of employees, which is 50 percent of earned annuity to the credit of employees at retirement or death, but in no case to exceed \$600 per annum. This would provide a widow thus affected with the same annuity rights she would have been entitled to should her husband's death have occurred on or after April 1, 1948. This would eliminate a gross inequity toward these widows existing in present law.

We further strongly recommend that language be incorporated in S. 2875 which would assess the Government's proper contribution to

the retirement fund, as the employer, against each governmental agency for the employee in that agency.

The employer's contribution to the retirement fund is properly a portion of wages paid; consequently each agency of Government should have incorporated in its budget the proper amount of funds to cover the Government's contribution toward the reserve of the retirement fund from which employees' annuities are paid.

The Board of Actuaries of the Civil Service Commission should advise each governmental agency at the close of each fiscal year the percent of its payroll for the year then closing which is necessary to maintain the financial stability of the civil-service retirement fund on a full and completely funded basis.

It should then be the duty of each employing agency to include in its budget the necessary amount of dollars based on the past year's experience rating to cover the Government's proper portion of retirement cost for the ensuing year.

We feel that these recommendations will materially improve the structure, coverage, and application of benefits to Federal employees, and at the same time establish an adequate funded reserve in the retirement system.

The possibility of additional contributions from employees to provide the liberalizations sought have been rather widely discussed.

If, in the good judgment of the committee, additional funds are determined to be required, we urge that the increased cost to the Federal employee be held to not more than a total of 7 percent.

In this connection, we strongly feel that if the employee's contribution is increased a definite requirement should be incorporated in the bill requiring each Federal agency to make a proper percentage payment of their total payroll to the reserve fund covering the Government's portion of the retirement costs.

We respectfully urge this committee to give serious consideration to the recommendations made.

S. 2875 is the most forward-looking piece of legislation since the act was established in 1921. We urge this subcommittee to promptly report it favorably to the full committee, and trust that that committee will in turn expeditiously report it out for action by the Senate.

May we commend Senator Olin D. Johnston for sponsoring this most desired legislation, and the Senate committee as a whole for their consideration of this improvement in the civil-service retirement system.

Mr. Chairman, we are deeply grateful to you and the members of this committee for the privilege of appearing before you and presenting our views and recommendations.

Senator CASE. Thank you, Mr. Bledsoe.

Senator NEUBERGER, do you have any questions?

Senator NEUBERGER. I would just like to say, Mr. Chairman, I am very glad to see the suggestion made for the amendment in the bill applying to widows whose husbands in Government service died approximately on April 1, 1948.

I know of several situations out in my State where some genuine injustices have occurred just because of that very narrow borderline. I agree that this amendment ought to be included in the bill, and I am glad you offered it.

Mr. BLEDSOE. Thank you, Senator. That condition is rather widespread.

Senator NEUBERGER. I have run into quite a number of them, and it just seems to me, Mr. Bledsoe, that it is rather harsh to penalize someone when just the matter of an arbitrary date more or less intrudes in the situation.

Mr. BLEDSOE. Yes.

Senator NEUBERGER. That is all I have, Mr. Chairman.

Senator SCOTT. Thank you.

Mr. KERLIN. Mr. Chairman, for the record, there are approximately 40,000 such situations.

Senator SCOTT. Thank you very much, Mr. Bledsoe.

Mr. BLEDSOE. Thank you, gentlemen.

Mr. BRAWLEY. Mr. Ross Messer, legislative representative of the National Association of Post Office and General Services Maintenance Employees.

**STATEMENT OF ROSS A. MESSER, LEGISLATIVE REPRESENTATIVE,
NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL SERVICES
MAINTENANCE EMPLOYEES**

Mr. MESSER. Mr. Chairman, I know you have a lot of other witnesses, so I would like to make a few comments and insert my statement as if read.

Senator SCOTT. If there is no objection, that will be done.

(The above-mentioned document is as follows:)

STATEMENT OF ROSS A. MESSER, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL SERVICES MAINTENANCE EMPLOYEES

Thank you, Mr. Chairman and members of the committee, for this opportunity to appear before you today. My name is Ross A. Messer and I am legislative representative of the National Association of Post Office and General Services Maintenance Employees, representing the custodial employees of the postal field service and General Services Administration.

I wish to take this opportunity to thank Senator Johnson for his interest in the Civil Service Retirement Act, its application, and for introducing S. 2875, a bill to revise the Civil Service Retirement Act. I also wish to thank you Mr. Chairman, and the members of the subcommittee for your interest in the subject of civil-service retirement and its liberalization.

The Civil Service Retirement Act has, in our opinion, needed liberalizing for a number of years. It has not kept pace with the liberalization of other retirement or old-age survivorship systems as it has not been revised since 1948, although other systems have been revised since that date. S. 2875 liberalizes the method of computing annuities for future retirees, for employees retired on disability, and for surviving dependents.

Our association has for a number of years favored retirement after 30 years of service, on a full annuity, regardless of age. The present law requires a reduction of one-fourth of 1 percent for each full month the retiring employee is under age 60. Section 9 (d) of S. 2875 would change the present formula to one-twelfth of 1 percent per month up to 30 months, one-eighth of 1 percent for each month in excess of 30 and up to 60, and one-sixth of 1 percent per month for each month in excess of 60 that the employee is under age 60 at the time of retirement. We are still of the opinion that the committee should give consideration to retirement upon the completion of 30 years, on full annuity, regardless of age.

Section 9 (a) of S. 2875 liberalizes the method of computing annuities by allowing 2 percent of the average salary multiplied by total service as compared with 1½ percent of average salary multiplied by total service, while retaining the feature of 1 percent of the average salary plus 25 multiplied by the total of years of service for the employees with lower salary averages.

Employees with short periods of service who were forced to retire on disability have been unjustly treated due to the way their annuities were computed. Section 9 (a) liberalizes the method of computing disability retirement by allowing (1) at least 40 percent of the average salary or (2) the sum obtained by computing his salary in the normal method after increasing his total service by the period lapsing between the date of separation and the date the employee attains the age of 70, whichever is the lesser. This is a great improvement over the present law and will materially assist those retiring on disability.

Section 10 of S. 2875 liberalizes the benefits to survivors of an annuitant or an employee who dies while in the service. The proposals in section 10 greatly improve the benefits paid today; however, it is believed that after careful study the benefits could be increased even beyond those proposed in section 10.

There are certain features of the bill with which we do not agree. Section 5 (a) provides that an employee shall be automatically separated from the service on the last day of the month in which he attains the age of 70 and all salary shall cease from that date. The present law allows employees reaching age 70, who have not completed 15 years of service, to continue in the service until they have completed 15 years of service. Section 5 (a) would change this by requiring the separation of an employee at the end of the month in which he becomes age 70. Public Law 112, 84th Congress, section 108, Independent Offices Appropriations Act, 1956, removed the age limit requirements for appointment to civil-service positions. It seems quite strange that an employee could be appointed to a position even though he was 69 years of age, which would not give him sufficient time to earn civil-service retirement coverage by age 70; however, we do feel that an employee who has received a regular civil-service appointment should be allowed to remain in the position until he has served a sufficient period of time to be covered by the Civil Service Retirement Act. With this thought in mind, we would like to suggest an amendment to section 5 (a), page 14, line 15, by inserting the following language immediately following the "comma": "Provided the employee has completed 5 years of civilian service."

Section 9 (a), page 21, line 16, provides that the annuity shall not exceed 75 percent of the average salary, which is a change from the present law which provides that the annuity shall not exceed 80 percent of the average salary. In our opinion, the lowering of the maximum annuity from 80 to 75 percent will hurt employees who have a low average salary. It is believed that the 80 percent maximum annuity should be allowed to continue on any annuity which is not more than \$100 per month. The lowering of the maximum from 75 to 80 would reduce the annuity for some hourly rate postal employees who are employed for only a few hours per week. We would like to suggest an amendment to section 9 (a), page 21, line 17, by inserting the following language after the word "salary": "Except that any annuity of \$100 or less per month shall not exceed 80 percent of the average salary."

The administration has recommended coordination between the civil-service retirement system and the Social Security Act. In 1954 the Civil Service Commission released certain information from the Committee on Retirement Policy for Federal Personnel, relative to coordination of the civil-service retirement system with the Social Security Act. All of the information distributed by the Civil Service Commission was reproduced and distributed to the various locals of our association for their study and comments. The reproduced material was also distributed to all the delegates in attendance at our 1954 national convention in Detroit, Mich. After considerable study and debate on the proposal as outlined by the Civil Service Commission in 1954, our convention voted to oppose any coordination with, or underwriting of, the Civil Service Retirement Act by the Social Security Act. The position of this association has not changed since 1954; therefore, we are opposed to the administration's proposal to coordinate the Civil Service Retirement Act and the Social Security Act, as set forth in S. 3041.

It seems very strange to us that the Civil Service Retirement Act cannot be liberalized to provide the same benefits as the Social Security Act, when the Government employees are contributing, and have been contributing for a number of years, 6 percent of their salary to the retirement system, while employees in private industry are contributing only 2 percent, and will eventually, in 1957, contribute 4 percent to social security.

I would like to place our association on record as favoring the principles set forth in S. 2875, with the two amendments which we have suggested and other beneficial or clarifying amendments offered by other employee groups as they may apply in their particular cases. It is hoped that the subcommittee will

favorably report S. 2875 with the necessary corrective and clarifying amendments, to the full committee, where the bill will be favorably acted upon and reported to the Senate for action.

I wish to again thank you, Mr. Chairman, and members of the committee, for the opportunity of appearing before you today to express the views of our association on S. 2875.

Mr. MESSER. We are wholeheartedly in favor of the Johnston bill. There are two features that we would like to have considered.

One is the mandatory retirement at age 70, regardless of years of service, and this appears quite strange, in view of the fact that Public Law 112 of the 84th Congress removed the age limit for appointment in the Government service and people can be appointed past age 70 now, but you would require other people who were appointed below age 70 to be separated at age 70.

The second item is the change from 80 to 75 percent of the annuity. We do not believe that this should be applied on annuities of less than \$100 per month as that would definitely affect the employees in the lower pay levels with long periods of service.

We would suggest that that be included, and, sir, I would like to say that we are opposed to the coordination, underwriting, substituting, or whatever you might want to call it, of the Social Security and the Retirement Act.

Senator CASE. Are there any questions?

(There was a negative response.)

Senator CASE. Thank you very much.

Mr. BRAWLEY. William H. Ryan.

STATEMENT OF WILLIAM H. RYAN, PRESIDENT OF DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINISTS, AFL-CIO

Mr. RYAN. Mr. Chairman, I am W. H. Ryan, president of district No. 44, International Association of Machinists. I represent that portion of over 900,000 members of our association who are Federal employees.

In order to conserve the time of the committee and not be accused of being repetitious, with your permission, I would like to submit for the record my prepared statement and also make a very short verbal statement.

Senator CASE. Without objection, that may be done.

(The above-mentioned document is as follows:)

TESTIMONY OF W. H. RYAN, PRESIDENT OF DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINISTS

Mr. Chairman and members of the Senate Post Office and Civil Service Subcommittee, district No. 44 of the International Association of Machinists membership is composed of that portion of 900,000 members of the IAM AFL-CIO who are employed as skilled employees by the Federal Government in Navy yards, arsenals, Air Force activities, Bureau of Engraving and Printing, Government Printing Office, Alaskan Railroad, Panama Canal Company, mail equipment shops of the Post Office Department, Coast Guard stations and various hydroelectric activities under the Department of Interior.

Our organization heartily endorses S. 2875 which is under consideration of this subcommittee. After carefully analyzing the subject bill we recognize it as a proposed piece of legislation which, if enacted, would provide many overdue improvements in the present retirement statute.

Our organization has for many years supported many of the realistic proposed changes in the act of May 29, 1930, which are embodied in S. 2875.

Our membership is especially pleased to note that these amendments are being made to the basic Retirement Act without coordinating same with the Social Security Act. Our national conventions have consistently recorded themselves as opposed to any coordination of the Civil Service Retirement Act with the Social Security Act (as proposed by S. 3041).

Our organization is of the firm belief that the Civil Service Retirement Act can be amended and improved year by year to meet the needs of changing economic standards without coordination with the Social Security Act. We believe, however, that these necessary changes could be realized without creating apprehension amongst those who are concerned over the funding of the civil-service retirement system if some legislative means could be found to require the Federal Government to appropriate and pay into the fund each year the actuary estimates of the Government's monetary obligations to the fund.

Our organization endorses the realistic changes proposed by S. 2875 which relate to—

1. The new formula for computing future retirees annuities;
2. The lessening of annuity penalties for retiring after 30 years' service after attaining age 55;
3. Increase in ceilings on annuities to surviving children and widow and/or dependent widower;
4. The lessening of penalties for dependents and survivor coverage;
5. Immediate survivor annuities to widows upon demise of their husbands;
6. Guaranteed percentage minimum annuity for employees retired on disability;
7. Immediate reduced annuities for employees involuntarily separated after 20 years' service and attainment of age 50.

Our organization suggests that S. 2875 be amended in the interest of clarification on one point, and in the interest of relieving proposed and present conditions which we believe not to be proper.

On the point of clarification, we recommend and urge that under section 1 titled "Definitions," that the term "basic salary" and "average salary" be clarified to state that longevity pay is to be considered as a part of the base salary and average salary as it applies to the act. It is our understanding that longevity pay has been an issue of legal interpretation under the Retirement Act, and we believe that a firm definition written into the law would forestall future misunderstandings and questions on the inclusion of such pay in computing deductions and retirement benefits. This clarifying language could be made by writing in appropriate language after the proviso in subparagraph (d) of section 1 of S. 2875.

Subparagraph (d) of section 7 of S. 2875 would place an earning restriction on a disability annuitant. We believe this provision to be unfair to those disability annuitants who may be making an effort to rehabilitate themselves by engaging in such employment as the operation of newsstands or other limited forms of rehabilitation employment.

The provisions of said paragraph could possibly be construed to mean that income from investments which have no relation to the disability annuitant's earnings from Government employment could be the cause of disqualifying the person for disability annuity. We therefore recommend that the last sentence of subparagraph (d) of section 7 be stricken from the proposed legislation.

Subparagraph (f) of section 7 of S. 2875 contains language which is now in effect in the Civil Service Retirement Act of May 29, 1930, as amended; which has caused a very unfair condition to exist for those persons who have a permanent partial loss of the use of a member of their body. The present retirement law has been construed by the Civil Service Commission and the Bureau of Employees Compensation to forbid the concurrent payment of annuity and disability awards to an employee retired under section 1 (a) of the Civil Service Retirement Act.

In other words, the position has been taken that employees who have earned full retirement rights based upon 30 or more years of service, and 62 years of age or over cannot also receive payments from the employees' compensation fund for a compensation award for the permanent partial loss of the use of a hand or leg.

We believe this to be a very unfair restriction because such employees have earned their full retirement rights under section 1 (a) of the civil-service retirement law but because of their disability they are placed in the position of having

to pay for services which they cannot perform in connection with their private lives.

For instance, many of these persons cannot perform normal personal duties because of their permanent partial disability; therefore we believe that they should continue to receive compensation payments concurrently with retirement annuities which they have earned.

The referred-to inequity could be corrected by amending section 6 of the existing civil-service retirement law and section 7 of S. 2875, to permit the concurrent payment of awards for the permanent partial loss of the use of the members of the body (losses which were incurred in the line of Federal employment) from the employees' compensation fund, and earned retirement annuities from the civil-service retirement fund.

I am certain that the Congress did not intend to consider that retired civil-service employees be considered as persons who should not enjoy the use of all members of their anatomy upon earning full retirement.

We earnestly urge your committee to incorporate our suggested changes in S. 2875 and to favorably report the bill to the full committee.

Senator CASE. May I ask you as to what portion and how many of this 900,000 members are Federal employees?

Mr. RYAN. We do not have our membership broken down to the number of Federal employees as against the total number of our organization.

There have been several attempts to do that, but with the fluctuation of employment in our group which is made up of subscribed membership—and if you can appreciate how during the times of emergency our Federal employee membership climbs very, very high, and then it recedes with the reductions in force that take place afterwards.

Mr. Chairman and members of the committee, our organization heartily endorses the provisions of S. 2875, and our organization being a member of the Government Employees' Council, we endorse the statement made yesterday by Mr. Jerome Keating, chairman of our retirement committee, and Mr. Thomas G. Walters, the operations director of the Government Employees Council, AFL-CIO.

We have one point, however, in S. 2875 which we would like to call to the attention of the committee and also I might say that the particular provision appears in existing law: Subparagraph (f) of section 7 of S. 2875 contains language which is now in effect in the Civil Service Retirement Act of May 29, 1930, as amended; which has caused a very unfair condition to exist for those persons who have a permanent partial loss of the use of a member of their body. The present retirement law has been construed by the Civil Service Commission and the Bureau of Employees Compensation to forbid the concurrent payment of annuity and disability awards to an employee retired under section 1 (a) of the Civil Service Retirement Act.

In other words, the position has been taken that employees who have earned full retirement rights based upon 30 or more years of service, and 62 years of age or over cannot also receive payments from the employees compensation fund for a compensation award for the permanent partial loss of the use of a hand or leg.

We believe this to be a very unfair restriction because such employees have earned their full retirement rights under section 1 (a) of the civil-service retirement law but because of their disability they are placed in the position of having to pay for services which they cannot perform in connection with their private lives.

For instance, many of these persons cannot perform normal personal duties because of their permanent partial disability; therefore,

we believe that they should continue to receive compensation payments concurrently with retirement annuities which they have earned.

The referred-to inequity could be corrected by amending section 6 of the existing civil-service retirement law and section 7 of S. 2875, to permit the concurrent payment of awards for the permanent partial loss of the use of the members of the body—losses which were incurred in the line of Federal employment—from the employees compensation fund and earned retirement annuities from the civil-service retirement fund.

I am certain that the Congress did not intend to consider that retired civil-service employees be considered as persons who should not enjoy the use of all members of their anatomy upon earning full retirement.

I might say, Mr. Chairman, that we are very grateful to Senator Johnston and his staff for the preparation of S. 2875, and we heartily endorse it and very much oppose any coordination as is declared desirable under S. 3041.

If there are any questions that the committee would like to ask me, I would be very happy to answer those that I am qualified to answer.

Senator CASE. Thank you, Mr. Ryan.

Senator NEUBERGER, do you have any questions?

Senator NEUBERGER. No questions.

Senator CASE. Do we have any from the staff?

Mr. BRAWLEY. No.

Is Mr. Dillard B. Lasseter in the room?

(There was no response.)

Mr. Lasseter is listed as the next witness, and he has left a statement with me, which I ask to insert in the record at this point.

Senator CASE. Without objection, that may be done.

(The above-mentioned document is as follows:)

STATEMENT OF DILLARD B. LASSETER, EXECUTIVE OFFICER, ORGANIZATION OF PROFESSIONAL EMPLOYEES OF THE U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

My name is Dillard B. Lasseter. I am executive officer of the Organization of Professional Employees of the United States Department of Agriculture, usually referred to as OPEDA.

Our organization appreciates this opportunity to appear before this committee to endorse another constructive piece of legislation, embodying progressive principles that have been of long and continuing interest to Federal employees. With your permission, then, I should like to present the views of our organization on S. 2875.

There is general agreement that there is a prime need for liberalization of Federal retirement provisions. Statements to this effect have appeared frequently in Presidential messages to Congress. From published statements, we believe it is the consensus of this committee that greater security for Federal retirees is long overdue. Members of OPEDA can confirm from actual observation and experience that there is a vital need for more equitable Federal retirement benefits. We are also in complete agreement with the basic principle contained in S. 2875—that liberalization of retirement benefits should be exclusively within the framework of our present civil-service retirement system. We are opposed to any other approach to this problem.

We have carefully examined the provisions of S. 2875, and strongly support this bill. We believe it increases retirement benefits in a realistic way, so that a retiree might look forward to maintaining a standard of living having some semblance to that which he enjoyed while employed. Under present benefits, the money available for living expenses from retirement checks is just about sufficient to maintain a subsistence level of living.

Reports in the press intimate that strong opposition may be expected to this bill, chiefly because it is contended that even though employees' contributions

were to be raised from 6 to 7 percent, it still would pay only about 25 percent of the cost of the increase. Our estimates do not agree with this contention. (Incidentally, should your committee deem it necessary, after these hearings, to make such a 1 percent increase in employees contributions, the bill will still have our support.)

Just what are the essential figures as to cost. For fiscal year 1955, the civil-service retirement figures were as follows:

	<i>Million</i>
Employee contributions.....	\$440
Government appropriations.....	34
Interest on investments.....	234
Total receipts.....	708
Total disbursements.....	428
Excess for year.....	280
Accumulative totals:	
	<i>Billion</i>
Total receipts 1921-55.....	\$10.332
Total expenditures 1921-55.....	4.161
Balance in fund.....	6.171

On this basis, employee contributions during fiscal year 1956, reflecting the 7½ percent increase for the full year, rather than for 4 months, would total approximately \$461 million. An added 1 percent to employee contributions would net another \$77 million, for a total employee contribution of \$538 million. Total disbursements last year were \$428 million. It has been estimated that the provisions of S. 2875 would increase the average annuity by about 25 percent; in which case total disbursements under the new bill might total \$535 million. Consequently, the entire cost of the liberalized benefits would be borne by the employees themselves, that is, employee contributions would still meet all obligations of the fund, as they have since its inception in 1921. Supplemental Government appropriations and interest on investments would continue to accumulate in the reserve fund.

We have seen no significant figures to substantiate the generalities and conjectures that have been made that a 1 percent increase would be inadequate to warrant the liberalization proposed. The fact that in fiscal year 1955 Congress matched employees' contributions of \$440 million with only \$34 million of appropriated money testifies to Congress' belief that the civil service retirement fund is financially adequate and in sound condition.

We are pleased to note that section 3 (i) of the bill includes a provision for allowance, under prescribed conditions, of Federal retirement credit for specified State service, financed in whole or in part by Federal funds. This has had our support in the past. We would, however, like to suggest for the committee's consideration that the words "primarily or" be restored before the word "exclusively" in the introductory paragraph of this section. The wording would then conform to the bill as passed by both Houses of Congress in 1955.

We would also respectfully recommend that the committee consider adding to the bill a provision that would, in effect, parallel subsection 12 (b) of the Federal Employees' Group Life Insurance Act of 1954 (Public Law 598, 83d Cong.). This subsection reads:

"(b) The Chairman of the Commission shall appoint a Committee composed of five employees insured under this Act, who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act."

Such a provision would give employees an advisory capacity, at least, in the management of their retirement system.

This committee has been most helpful in improving the economic position of the Federal employee to meet that enjoyed by the worker in private industry. We commend you for such sponsorship and respectfully request you to favorably report this bill and urge its enactment into law.

MR. BRAWLEY. Mr. Joseph F. Thomas, president of the United National Association of Post Office Clerks.

STATEMENT OF JOSEPH F. THOMAS, PRESIDENT OF THE UNITED NATIONAL ASSOCIATION OF POST OFFICE CLERKS; ACCOMPANIED BY JOSEPH SYLVESTRY, NATIONAL SECRETARY

Mr. THOMAS. Mr. Chairman, I am Joseph F. Thomas, president and legislative representative of the United National Association of Post Office Clerks. I am accompanied today by Mr. Joseph Sylvestry, national secretary of our organization.

Our organization, with offices in the Colorado Building, 14th and G Streets NW., has been represented in Washington, D. C., for the past 73 years and is generally recognized as the oldest postal employee union in existence. It is a privilege to be allowed to appear before this committee today, and I thank each of you for giving of your time to consider my testimony.

It will interest you to know that the delegates to our national convention in Stillwater, Okla., in August of 1954, and the delegates to practically all of our State conventions during 1955, voted unanimously in favor of resolutions which recommended revision and liberalization of present retirement law.

Since those conventions we have conducted a survey of our membership by mail and we find that the subject of retirement is rated the most important legislation pending by about 8 out of every 10 members of our association who have answered our query.

Our national executive board, meeting in Washington, D. C., November 11 and 12, 1955, voted to support any suitable retirement legislation which would provide for greater benefits to the members of our retirement system. They voted also to oppose any legislation which would merge or coordinate our civil service retirement plan with the social-security fund.

Having fully considered the above actions, it is my opinion the bill S. 2875, recently introduced by Senator Olin D. Johnston, is a suitable answer to the retirement needs of our postal employees at this time.

The general provisions of this bill are excellent and are endorsed by the organization which I represent. I would, however, like to make a few recommendations which I believe would be beneficial to the members of the civil service retirement fund and which may simplify the administration of the bill in some respects in the future. On page 2, line 22 of S. 2875 you will note that the term "basic salary" is defined. I feel that this wording is insufficient and should be amended so that it is made clear that longevity grades are to be included in basic salary for the purpose of computing annuities.

I believe that the present wording may cause future confusion, necessitating a ruling by the Comptroller General, which could possibly be disastrous to postal employees.

On page 3, line 9 of the bill "average salary" is defined as—

the largest annual rate resulting from averaging over any period of five consecutive years of creditable service, an employee's rates of basic salary in effect during such period.

Our association recommends that the word "consecutive" be stricken from the bill and that the 5 largest years' salary be used. In many cases we find that substitute employees are making salaries far in excess of top salaries of regular employees.

Often these high earnings by substitutes carry over a period of only 2 or 3 years and are not used in computing their future annuities because of the use of the 5 consecutive years' clause.

Since the substitutes, in such cases, are making large contributions to the civil service retirement fund, it seems as though they should be given credit for these retirement deductions, as in the case of supervisory or higher salaried employees.

With reference to page 12, line 10 of S. 2875, titled "Deductions and Deposits," our association is of the opinion that under no circumstances should the amount of deductions be increased above the 6 percent now in effect.

I have seen mention in the public press of a 7-percent figure, which our association would most definitely oppose. The present 6 percent, together with large income, State, and local taxes, is just about all that the average postal employee can stand out of his present salary.

In addition to the above, the United National Association of Post Office Clerks recommends optional retirement, with full annuity, upon completion of 30 years of service.

Such a retirement policy is being followed in many police and fire department retirement systems and in retirement funds of the civil employees in various parts of the country. Thirty years is certainly sufficient service, regardless of age, and should be recognized as such.

I am making these proposals and endorsing S. 2875 with the understanding that our fund will not be endangered by passage of the bill. I am not an expert on retirement and, therefore, I am not qualified to pass on this phase of the legislation. If, however, in your wisdom the civil service retirement fund is secure, I and the association which I represent urge speedy passage of S. 2875.

I would like to use just a few moments to give our views on the administration proposal to coordinate our civil service retirement system with social security.

To begin with, the postal employees fear such a move—cannot see its necessity and do not welcome such a change. They and we feel that such a coordination will serve no real purpose and will be of no real benefit to our postal employees.

I would like to point out that under the administration bill, S. 3041, employees closest to retirement will receive no benefit whatsoever. Because of the necessity of contributing to the social-security fund for a certain number of quarters, employees contemplating retirement within the next several years will receive no additional annuity upon retirement.

With a high economy now, these, of course, are the people who need help most. Eventually, also, our postal employees will be paying 7½ percent of their salaries into the coordinated fund suggested by S. 3041.

This we also object to. S. 3041 will discontinue disability payments to employees who, after 1 year of such retirement, are judged by the Civil Service Commission to have recovered. Certainly this is no improvement over the present setup. Officials of the Civil Service Commission have publicly admitted that eventually the plan will cost the employee and the Government more than the present system. It has been admitted also that the plan could greatly weaken the civil-service retirement fund and my own personal opinion—and I empha-

size that this is a personal opinion—after meeting with officials of the Civil Service Commission is that they secretly oppose the plan as much as we do, although forced by various circumstances to go along with it.

Such being the case, we see no real purpose in coordination of the two funds and on the other hand, observing many dangers in the proposals, we are strongly opposed to such a move. We feel that any improvements for our retiring employees and their families, be they great or small, should come from within the framework of the present system.

I thank you again for the time which you have allowed me, and I hope that you will give full consideration to the views which I have presented.

Senator CASE. Excuse me. I do have to go. I had a preceding commitment, so if Senator Neuberger would be willing to stay, the rest of the witnesses could be heard.

Senator NEUBERGER. I would be glad to take over with the witnesses. I guess there is no rule that makes you sit at the head of the table, if this is all right.

Thank you, Mr. Thomas. I would just like to ask several questions.

Like you, I am opposed to amalgamation of our Government employees' retirement funds with social security. I think that many benefits which Government employees now have they would lose.

However, one statement you made interested me in connection with an answer to a question given earlier by Mr. Markwood. You said that eventually under S. 3041, which you oppose, that your postal employees would be paying $7\frac{1}{2}$ percent of their pay into the fund, is that not correct?

Mr. THOMAS. That is my understanding, sir.

Senator NEUBERGER. Do you oppose the amalgamation of social security because they would be paying $7\frac{1}{2}$ percent of their wages into the fund or because of other undesirable factors?

Mr. THOMAS. Sir, I oppose it on both counts. I feel that $7\frac{1}{2}$ is too great an amount to pay into the fund, but my real objection is that I and all of our employees feel that eventually our fund would be swallowed up by the social-security system.

Senator NEUBERGER. I can understand that. The reason I asked this particular question about the $7\frac{1}{2}$ percent is this: If I am not mistaken, when Mr. Markwood was asked, either by Senator Case or Mr. Brawley, how his group would feel if Senator Johnston's bill passed, and he was asked how he would feel about raising their contribution to 8 percent, and he said they would have no objection to that.

Mr. THOMAS. I noticed that, and I disagree with him. Of course, I am speaking for our own members; and I just feel that, with the salaries our people are receiving at present, they could not possibly think of paying 8 percent.

Senator NEUBERGER. Or $7\frac{1}{2}$ percent?

Mr. THOMAS. Or $7\frac{1}{2}$ percent.

Senator NEUBERGER. Then again let me ask this question, because this is quite a key point—you represent a very substantial group of people and Mr. Markwood represents a very substantial group of people—what if the passage of S. 2875 would call for further contributions from your people to keep the fund actuarially sound? That is a \$64 question, so we are going to have a lot of numbers.

Mr. THOMAS. That is a difficult thing to answer. We naturally like the bill very much. We think it is liberal, and we believe that it is necessary.

I think, to honestly give you a direct answer to that question, we would have to take the whole affair up again with our membership and explain to them that we were going to have to be paying more into the fund if we were to have this bill, and then I think with that reaction we could give their definite views.

Senator NEUBERGER. The reason I dwell on this is I do not think there is disagreement among any of us or you that this fund has to be protected as far as its future solvency and its integrity is concerned; is that not right?

Mr. THOMAS. That is right.

Senator NEUBERGER. So the thing I want to get at is how categorical is your feeling that 7½ percent is too great a contribution, if it is necessitated to make S. 2875 feasible?

Mr. THOMAS. I mentioned the 7½ percent in respect to S. 3041.

Senator NEUBERGER. Yes; but when I asked you then you said you regarded 7½ percent as too great a contribution from your people in view of present living conditions and salary and so on, and so again I get back to this question: Suppose a 7½-percent contribution, let's say, or 8 percent were essential to make S. 2875 feasible and keep the fund solvent, how would you and your membership feel about it then?

Mr. THOMAS. We have honestly never gone into that point with our membership, and we never dreamed that it would be raised to 7½ percent, but I would say from my own personal contact with the members that I believe they would be against 7½ percent under that condition.

Senator NEUBERGER. If it were a choice as to whether you would have the liberalized benefits provided in S. 2875, even then you would feel that that contribution would be too great?

Mr. THOMAS. Yes, sir.

Senator NEUBERGER. How would you feel if the contribution were 7 percent to be matched by 7 percent from the various Federal agencies?

Mr. THOMAS. I would say that we would have to reconsider the entire matter. I still feel that 7 percent is too high. However, as I said before, I believe we would have to put it up to our membership.

We would have to explain that either the S. 2875 will be scaled down or we would ask them whether or not they would be willing to put up the 7 percent in view of the passage of the bill.

Senator NEUBERGER. Let me just say this to you, because this is the way I feel about it—I am just one member of the committee and one member of the Senate: I favor S. 2875, but I wouldn't favor it if I felt it jeopardized the fund, because that wouldn't be fair to the people who have invested in it and whose whole hope of retirement is contingent upon it.

I personally would think that S. 2875, with all the options, might be worth some increase in the contribution on the part of your employees, but it seems to me that eventually it all gets down to that, and if you take a very categorical position against increasing the contribution, that you imperil the chances of getting S. 2875, because it is going to imperil the fund otherwise.

Mr. THOMAS. Sir, in the bill S. 2875, as written, the retirement deduction is 6 percent. It does not call for a 7-percent deduction.

Mr. BRAWLEY. Let me straighten that out a little bit. There is no new financing provision in S. 2875. That was left out purposely because the Kaplan Committee was set up specifically for the purpose of developing such a plan.

We tried to get such a plan from the administration but were unsuccessful, so we deliberately left it out to try to develop it in the hearings and to try to get something in the way of suggestions from the Commission as to financing the fund.

That is not a deliberate thing. That is a necessity.

Senator NEUBERGER. I am glad Mr. Brawley brought that up because he and Mr. Kerlin are much more familiar with the technical aspects of the bill than I am, but I just think the position you have taken on the increased contribution is so different from Mr. Markwood that the committee is going to need perhaps some further advice from both of your groups and other groups on how you feel.

Mr. THOMAS. I would think, Senator, that there would be quite a time elapsed between now and the passage of the bill, and it will give us an opportunity to go back to our people and see how they feel.

Senator NEUBERGER. That is all I have, Mr. Thomas.

Mr. Kerlin and Mr. Brawley, do you have any questions?

Mr. BRAWLEY. No.

Mr. KERLIN. No.

Senator NEUBERGER. Thank you very much, Mr. Thomas.

Mr. BRAWLEY. Mr. R. M. Lovelady, I do not think, is in the room. He has submitted a statement, and with your permission, Mr. Chairman, I would like to have it inserted in the record at this point.

Senator NEUBERGER. It is so ordered.

(The above-mentioned document is as follows:)

STATEMENT OF RUFUS M. LOVELADY, NATIONAL VICE PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES IN CHARGE OF THE CANAL ZONE DISTRICT

Mr. Chairman and members of the committee, my name is Rufus M. Lovelady. I am a national vice president of the American Federation of Government Employees in charge of the Canal Zone district of that organization. I am also an employee of the Personnel Bureau of the Panama Canal Company at Balboa Heights, C. Z.

I have analyzed the provisions of S. 2875 and am of the opinion the changes it would make in the Civil Service Retirement Act are, in general, very desirable to employees who look forward to eventual retirement under the act. However, the employees I represent are very much concerned with some of the provisions of S. 2875, particularly those which might give them less benefits than they now have.

Section 1 (d) of the bill provides that the term "basic salary" shall not include bonuses, allowances, overtime pay, or compensation given in addition to the base pay of the position as fixed by law or regulation. United States citizen employees of Federal agencies on the Canal Zone are paid, generally, a tropical differential amounting to 25 percent more than is paid by the Government for the same or similar work in continental United States. This additional compensation has always been treated as basic salary for the purposes of income-tax and retirement deductions. It has also formed the basis for computing the annuity of employees upon their retirement. We believe this longstanding practice is proper and that it should be continued as a matter of fairness to employees whose annuities would be affected adversely if it were discontinued. Not only do we believe the 25-percent tropical differential should be continued as a part of

basic salary, but we feel that all gross salary (such as overtime night differential, holiday pay, and bonuses for hazardous or unusual conditions of work) should be subject to retirement deductions and should form the basis for averaging the salary referred to in subsection 1 (e) of S. 2875. We think that all compensation for work performed should be allowed for use in computing retirement annuities. We recommend therefore that the part of section 1 (d) which precedes the word "Provided" on line 25 of page 2 be amended to read: "The term 'basic salary' shall include overtime pay, night differential, holiday pay, bonuses for hazardous or unusual working conditions, and allowances or differentials paid in overseas areas:" We respectfully urge the committee to consider favorably the recommended amendment so that the employees concerned will not be deprived of retirement benefits they now enjoy by having tropical differential included as basic salary for the purpose of averaging and computing annuities upon retirement.

Section 2 (a) of the present Civil Service Retirement Act, as amended by Public Law 180, 81st Congress, excludes from coverage of the act all employees who are not citizens of the United States employed by the Canal Zone Government and the Panama Canal Company. We believe that coverage under the Civil Service Retirement Act of aliens employed outside the continental United States is not in the best interests of the retirement system, although we would not oppose the establishment of some form of retirement for such alien employees. As a matter of principle, we advocate the enactment of legislation to provide a uniform system of retirement for aliens employed by the Government in overseas areas, but completely separate and apart from the general Civil Service Retirement Act. Because of our objection to the coverage of aliens in overseas areas under the general act, we recommend that section 2 of S. 2875 be amended by changing subsection (j) to (k) and inserting a new subsection (j) reading as follows:

"(j) This Act shall not apply to any officer or employee who is not a citizen of or who does not owe allegiance to the United States, except as provided in subsection (k) hereof, unless such person is employed within the continental limits of the United States, including the District of Columbia, or a Territory or possession of the United States."

Section 2 (a) of the Civil Service Retirement Act, as amended by Public Law 180, 81st Congress, provides in substance that employees of the Alaska Railroad, Territory of Alaska, or an officer or employee who is a citizen of the United States employed on the Isthmus of Panama by the Canal Zone Government or the Panama Canal Company shall be automatically retired upon attaining the age of 62 years and completing 15 years of service on the Isthmus of Panama or in the Territory of Alaska. The employees I represent want to continue this lower-age mandatory retirement feature of any legislation that may be enacted.

Medical authorities have proved that prolonged residence in the tropics is debilitating and shortens the life of persons accustomed to living in the more temperate climates. This seems to be supported by the statistical fact that the life span of our employees who retire at age 62 is less than 5 years. Statistically, they never live to the age of 70 years. Moreover, I submit that it is economically desirable to compel an employee to retire when he reaches such age and physical condition that he can no longer discharge with acceptable efficiency the duties and responsibilities of his position. Such a condition could—and I predict it would—result from allowing employees on the Isthmus of Panama to remain in the service until they attain the age of 70 years. We believe there are good and compelling reasons for continuing the mandatory separation age of 62 years when the employee has rendered 15 years or more of service in the Tropics.

It should be noted that civilian employees on the Canal Zone are in the main, career-service employees and are not rotated between the United States or other areas in the Temperate Zone. The employees go to the Canal Zone and reside there 20, 30, or even 40 years or more before reaching the age of 62 years. Their only relief from the constant enervating effects of long residence in the Tropics is their periods of recuperative leave taken in the United States each 2 or 3 years. Many of them cannot take leave that often because of their modest salary or the size of their family. Unlike most of our other Government activities in the Tropics, the Panama Canal is a permanent enterprise staffed and operated by career employees, most of whom have severed their home ties in the United States for a career on the Isthmus of Panama. In the light of the

foregoing, we recommend that section 5 of S. 2875 be amended by adding a subsection (e) reading as follows:

"(e) The automatic separation provisions of this section shall apply in the case of any officer or employee on the Isthmus of Panama upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama."

Mr. Chairman and members of the committee, I have endeavored to confine my remarks to those provisions of the bill which affect United States citizen employees on the Isthmus of Panama. I can assure you, however, that the points I have brought to your attention are of real concern to those of us in the career civilian service on the Isthmus of Panama. We most earnestly and respectfully urge that you consider favorably the changes herein recommended.

I wish to thank you, Mr. Chairman and members of the committee, for affording us this opportunity to present our views of the proposed legislation. If the committee has any questions, I shall be glad to answer them if I can.

Mr. BRAWLEY. Mr. Thomas C. Gibney, national president, United States Immigration and Naturalization Officers' Association.

**STATEMENT OF THOMAS C. GIBNEY, NATIONAL PRESIDENT,
UNITED STATES IMMIGRATION AND NATURALIZATION OFFICERS'
ASSOCIATION**

Mr. GIBNEY. Mr. Chairman and members of the committee, my name is Thomas C. Gibney, and I am national president of the United States Immigration and Naturalization Officers' Association. I am very, very happy to be invited to be here, and our association would like to go on record as expressing our appreciation to Senator Johnston, chairman of the Committee on Post Office and Civil Service, for introducing S. 2875 and for arranging such speedy hearings.

We would also like to express our gratitude to Senator Scott, chairman of the subcommittee and his committee for permitting us to appear before them.

We feel that S. 2875 is a very progressive piece of legislation in the field of retirement and something that has long been needed. We would like to suggest a few minor amendments, but with the thought in mind that we are strictly in favor of the bill as it is written.

We think that section 6 (a) should be amended by striking out the words "who attains the age of 60." With this age restriction, if two people go into Government service on the same day and in the same position, one of whom is 24 and the other is 30, the younger one must either be severely penalized by a much reduced annuity or continue to work 9 years longer in order to receive a full annuity. It is true that he would receive a larger annuity at the age of 60, but the same privilege would be open to the older employee if he chose to work 9 years longer. We think it actually should be for years of service without regard to age.

We feel that the section 6 (c) should be enlarged to include inspectors, such as immigrant inspectors, who examine people applying for admission to the United States.

In many cases, either as a result of their inspection or prior information they are required to detain and keep in their custody known and dangerous criminals for other Government agencies, whose investigators are included in this paragraph.

A number of immigrant inspectors have been murdered in the line of duty. The most outstanding case is that of two immigrant inspectors shot to death on the same day on the same passenger train which

was approaching the United States border from Emo, Ontario, Canada.

This inspecting that they were doing was what you might say is the most innocuous form of inspection—walking through a passenger train. Those things are not few. There are many of them.

Finally, we think that in fairness to Federal employees that have already retired any retirement bill should contain a proviso that annuities be adjusted simultaneously with general adjustments in Federal employees' salaries and at the same percentage.

Gentlemen, I thank you for letting us appear here this morning.

Senator NEUBERGER. Thank you, Mr. Gibney. Are there any questions?

Mr. BRAWLEY. No.

Senator NEUBERGER. Thank you very much.

Mr. BRAWLEY. Might I suggest to the Chair that it is 20 minutes of 12. We have a long list of witnesses still remaining to be heard, and it might be well to ask the witnesses to submit their statements to be printed into the record as though they testified and have them give a brief synopsis of their position?

Senator NEUBERGER. I would suggest that so that everybody has an opportunity to appear in the next 20 minutes.

Mr. BRAWLEY. Mr. C. L. Dorson.

STATEMENT OF C. L. DORSON, SECRETARY-TREASURER, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES OF THE UNITED STATES GOVERNMENT; ACCOMPANIED BY ARTHUR F. AEBERSOLD, ADMINISTRATIVE ASSISTANT

Mr. DORSON. Mr. Chairman, it is not our purpose to be uncooperative in any manner, and it is true that our brief is quite lengthy, but if it is at all possible, we would appreciate the opportunity to go through the entire brief.

Senator NEUBERGER. I will just say this: If you do that, it will be done at the sacrifice of the others who come after you as far as their opportunity is concerned.

I want you to know that your position will appear in the record of the hearings as though read, so it will be available.

Mr. DORSON. I can understand that that would be correct, Mr. Chairman, and I appreciate the fact that it would appear in the record.

However, it is possible, judging from prior comments by members of the subcommittee that there may be some questions.

If you insist that we submit it, then we will, of course do so.

Senator NEUBERGER. No; I will not insist.

Mr. DORSON. But we ask that we be accorded the same privileges as those who have appeared before.

Senator NEUBERGER. No; I will not insist. It will just mean that those who come after you will not have any opportunity at all. You do it if you wish.

Mr. DORSON. We will do it as rapidly as we possibly can.

My name is C. L. Dorson, and I have the honor to represent the Retirement Federation of Civil Service Employees of the United States Government. I am accompanied by Mr. Arthur F. Aebersold,

administrative assistant. We desire to discuss with you the views of our organization concerning the bill, S. 2875 by Senator Johnston, to revise the civil Service Retirement Act.

Section 1 of the bill, "Definitions," among other things, continues and extends the differences as between the various groups covered by the Civil Service Retirement Act. In our opinion, there is no valid justification for the creation of special provisions under the act for particular groups on the basis of title or the branch of Government under which service is rendered. For this reason we urge that the definition of "employee" be applied to all groups and classes on an equal basis.

Subsections (h) and (i) of section 1 continue the requirement of marriage for at least 2 years immediately preceding death of the spouse to meet the definition for widow or widower. This term doubles the same requirement under other major public systems and eliminates benefits in many deserving cases. Therefore, we suggest that the length of marriage required for title to annuity be changed from 2 years to 1 year.

Subsection (1) of section 1 would eliminate the payment of interest on retirement deductions returned as "lump-sum credits" in all instances, thus completing the elimination of a benefit, time honored since the establishment of the system, which had its beginning with the reduction in interest rates, from 4 percent to 3 percent, after December 31, 1947.

While we agree that elimination of the payment of interest would provide a means of considerable savings to the civil-service retirement and disability fund, by the same token many other benefits might be eliminated for the same reason. In our opinion, the end result obtained does not justify the means.

The funds deducted from the salary of the employee are a part of his earned salary. If they were invested by the individual in bonds of the United States, as they are by the Secretary of the Treasury, they would earn interest for the employee as they do for the fund. To deprive him of the opportunity for private investment while using his money for enhancing a public fund seems hardly justified and is not practiced by most other public and private retirement systems.

Mr. BRAWLEY. May I interject here a moment? Do you know of any other retirement fund, including Government—Federal, State, and local—where deductions are returned to the employee?

Mr. DORSON. Sure.

Mr. BRAWLEY. What are they?

Mr. DORSON. The Foreign Service retirement system is one of your public retirement systems, which is probably one of the larger of the remaining systems. In most of the private plans in private industry, negotiated plans particularly, where the employee makes a contribution to the fund, the funds are returned with interest and you can find a considerable listing of those in part 1 of the Kaplan Committee's recommendation, which is a compilation of the various retirement systems.

Mr. BRAWLEY. Do you believe it is fair for any organization, either Government or nongovernment, to offer protection to an employee in the form of S. 2875—and then have to return the individuals premiums with interest?

Mr. DORSON. Very definitely.

Mr. BRAWLEY. In other words, you think it is unfair to charge a man anything for the protection he gets under this new bill?

Mr. DORSON. Yes.

Mr. BRAWLEY. You think he ought to be paid for receiving this protection?

Mr. DORSON. I know, Mr. Brawley, of very few insurance plans, and obviously those people are in the business to make money and not for their own good health, that don't provide some measure of return of premiums, in spite of the fact that there is a certain amount of protection that is involved while the person holds the policy.

It would appear to us that the Government's retirement plan is on a little different basis than the average, and that certainly it should be at least as good as those contributory systems in private employment in that respect.

Mr. KERLIN. May I suggest that wouldn't it simplify procedure if you are going to give back the full contribution plus interest, to just eliminate the contribution?

Mr. DORSON. We would have no objection to the elimination of the contribution.

Mr. KERLIN. I think that is what you are coming to; is it not?

Mr. DORSON. No, we are not coming to the elimination of the contribution. We were speaking merely at the present time as to the proposal to eliminate interest, interest which has been paid on deductions returned in one form or another since the beginning of the plan, since 1920.

We see no reason to discontinue that now, although we do agree that certainly a considerable amount of money would be saved. We are sure that that would be the case, but the elimination of many other things under the act would also save money if we proceed under that justification.

Mr. BRAWLEY. I do not think the committee has proceeded on that justification. They proceeded on the plan to add benefits to the plan in exchange for taking away a very minor portion of it.

Mr. DORSON. What this would seem to us to do, Mr. Brawley, would be without saying so in so many words, its effect would be to increase the cost to the employee.

Mr. BRAWLEY. Would you explain that, sir?

Mr. DORSON. I would be happy to. At present the employee who for one reason or another leaves the Federal service—and not all of them leave of their own volition. I mean by that they do not just up and quit, particularly in the military departments where employment fluctuates more than it does in some of the others, employment is rather irregular, except in times of national emergency.

These employees have had the money deducted from their salaries while they were employed, for the express purpose of providing retirement benefits.

If when they later leave the service for the various reasons, their money is returned to them solely as they put it in without any interest, the opportunity for private investment of those funds, as we point out here, has been denied to the employee, and in that sense it has cost him a certain amount of money for having his funds in the civil-service retirement fund, at the same time the investment of those funds in

Treasury bonds has returned a certain amount of interest to the fund which thereby—

Mr. BRAWLEY. How much interest is that now?

Mr. DORSON. Three percent compounded annually, and there are still some 4 percent ones, but the employee only gets 3 percent.

Senator NEUBERGER. Mr. Dorson, let me ask you this question: Suppose it were felt somewhat essential to sacrifice that interest-receiving privilege in order to get some of the benefits provided in S. 2875. How would you then feel?

Mr. DORSON. I think we would prefer, Senator, that, as we say, we feel this is another means for increasing the cost to the employee. We feel that if it is necessary to increase the cost to the employee that it should be done on the basis of deductions from the salary and not on this basis.

Senator NEUBERGER. In other words, you would prefer to have the percentage contributions from the employees' base salary increased rather than to have this done?

Mr. DORSON. We feel that would be a much more realistic method.

Senator NEUBERGER. Then let me ask you this: if it seemed necessary to provide the benefits in S. 2875 to increase the contribution to 7 percent, would you be willing to have that done?

Mr. DORSON. May I ask you if you are speaking of S. 2875 as it is now written?

Senator NEUBERGER. Perhaps with some of the liberalizing amendments that have been proposed here, but we will say such benefits as have been included in S. 2875 and perhaps some others—I am not doctrinaire about that—how would you feel about increasing the contribution to 7 percent?

Mr. DORSON. The reason I am asking the question is it does have a bearing on my answer.

If you are speaking about S. 2875 as it is now written without any of the liberalizing amendments that have been proposed to the bill, we do not feel that S. 2875 would justify the cost of an additional 1 percent to the employee.

I do not believe that it would have that much value to them.

Senator NEUBERGER. You do not think so?

Mr. DORSON. No, sir.

Mr. BRAWLEY. How much do you think this interest would amount to annually?

Mr. DORSON. I do not know, Mr. Brawley. I have no way to determine it because under the act interest on returns at the present time where employment has been for less than 1 year—the information that we have does not break down those who receive lump-sum payments involving service of less than 1 year.

However, I have some indication here that the amounts involved here, while they vary in individual cases, are not small by any means. In the 6 months from July 1, 1955, to December 31, 1955, the Civil Service Commission paid nearly \$43 million in lump-sum payments of all types in 84,159 cases. While we have no figures to show the actual amount of interest involved in this total, it is reasonable to assume that it represented a very sizable sum.

For these reasons, we are very much opposed to the elimination of interest in lump-sum payments and urge that such provisions be stricken from the bill.

SECTION 3

Subsection (g) of section 3 continues in effect the present provisions of section 5 of the act of August 31, 1954, Public Law 730, 83d Congress. We opposed the enactment of this amendment originally and our views on the subject have not changed.

While subscribing to the expressed intent of Public Law 730 and subsection (g) of section 3, we are opposed to such a provision because it will victimize, as it has in the past, many employees by preventing the addition of service to earned annuity rights and, in many cases, will prevent the accumulation of enough service to qualify for annuity.

We have in mind, particularly, employees of the military departments where, except in national emergencies, employment is much less stable than in other departments and agencies. Quite often these employees are hired for a few months, to meet fluctuating workloads, and then released.

It is not unusual, during times of peace, for these employees to have a half-dozen periods of employment in a 10-year period, no one of which would be as long as 1 year and often no 2 such periods would be within the 2-year requirement of subsection (g). We find it hard to believe that the Congress intends to penalize these employees for conditions over which they have no control, and yet it is happening.

To avoid the infliction of these penalties and still minimize the "raiding" which it is the intention to abolish, we suggest that the present language of subsection (g), section 3, be deleted and the following substituted therefor:

(g) Public Law Numbered 730, Eighty-third Congress, is hereby repealed.

Amendments which will prevent raids on the fund in a manner fair to all concerned will be suggested later in our discussion of other sections of S. 2875.

Subsection (i) of section 3 contains rather vague language, but its implications are far reaching and a sharp departure from the traditional concept of coverage under the Civil Service Retirement Act.

It is reasonable to assume, although almost impossible to predict, that its cost to the fund would be tremendous.

The section covers some of the same service proposed in S. 1041 of the first session of the present Congress, from which the President of the United States withheld his approval, and appears to go much further.

It would, in our opinion, establish a precedent for the crediting of other service of a similar nature and impose an ever-increasing burden on the fund since it would seem to establish the concept that the receipt of Federal funds in payment, whole or part, constitutes the major requirement for creditable service under the Civil Service Retirement Act.

For these reasons, we oppose the enactment of subsection (i) of section 3 and urge that it be deleted from the bill.

Section 4 of S. 2875 deals with deductions and deposits. In our discussion of section 3 (g) above, we stated that amendments which would accomplish the purpose of that subsection in a fair manner would be suggested in later sections of the bill. For this purpose, we suggest that subsection (c), which begins on line 3, page 13, be

amended as follows: Strike out all between (c) in line 3 and the colon in line 7 and insert in lieu thereof:

Each employee or member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, shall deposit, or there shall be deposited for him, with interest an amount equal to the following percentages of his basic salary received for such service before such service may be used in the computation of his annuity.

Many employees apply for refunds of their retirement deductions upon separation from service, usually at early ages and when their aggregate service is short. Quite often their actions are the result of financial difficulties arising from loss of employment.

Failure to redeposit these refunds, usually from oversight, inability, or misinformation, too often results in pathetic, if not tragic, circumstances, especially for their widows and children. Such circumstances should, and in many cases would, be avoided were it not for the provisions of section 7 (c) of the act which permit redeposit only by the officer or employee.

Subsections (c) and (d) of section 4 of the bill would continue the present restrictions of the act in this regard. In our suggested amendment to subsection (c) we have eliminated the subject requirement and suggest the following amendment to subsection (d) for the same purpose:

In line 12, page 13, of S. 2874, insert a comma after the word "deposit" followed by the words "or there may be deposited for him," before the word "the."

Subsection (e) of section 4 would require the payment of interest, by the employee or member, on all deposits and redeposits to the fund, including periods of separation. This in spite of the fact that section 1 (1) would deny the payment of interest to the employee or member or their survivors.

Again, as in our discussion of section 1 (1), we do not believe that such action is justified. However, should the amendment of section 1 (1) be accomplished as suggested, we would not object to the provisions of section 4 (e) even though interest would be required during periods of separation which is not now the case.

Senator NEUBERGER. Mr. Dorson, excuse me. I have a meeting at noon on farm legislation with a delegation which is waiting for me, and as I am the only member of the subcommittee present here, is it possible for you or Mr. Kerlin to continue the hearing and hear these other people?

Mr. BRAWLEY. We will go right ahead and hear them.

Senator NEUBERGER. I am sorry, but these people are waiting for me. Please go ahead, Mr. Dorson.

Mr. DORSON. Thank you, Senator. Section 5 (a) of S. 2875 would require the mandatory separation of an employee at age 70, regardless of whether he is entitled to an annuity at that time. These measures seem rather harsh when there is no restriction placed on the employment age and when other acts seek to prevent restrictions on employment because of age.

Then, too, such measures seem out of place in a retirement act unless some provision for retirement is made a condition for such separations. Therefore, we suggest that eligibility for immediate annuity be made a condition for compulsory separation at age 70.

Section 6 (c) continues and extends the present provisions for the retirement, at age 50 with 20 years' service under certain conditions, of employees engaged in the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States.

There are a number of occupations in the industrial and other establishments of the various departments and agencies which would seem to merit equal consideration under these provisions because of their hazardous nature from the standpoint of accident frequency as well as the effect on general health. Therefore, we suggest that section 6 (c) of S. 2875 be amended so as to include those classes of employees whose occupations require hazard-rate premiums under life-insurance policies issued by the major insurance companies.

Section 9 of the bill provides three different methods for the computation of annuities depending on the title of the position and the branch of Government under which the service is rendered. Since all such service is rendered, ultimately, for the same Government, and since deductions from salary, under section 4 (a) are identical for all under the system, we fail to find ample justification for more than one method of computation.

We, therefore, respectfully urge that section 9 of S. 2875 be amended so as to provide for the computation of all annuities under the Civil Service Retirement Act, on the basis of $2\frac{1}{2}$ percent of the basic salary for any 5 consecutive years of creditable service multiplied by the total number of years and months of such service, with the proviso that the total amount of annuity shall not exceed 75 percent of such 5-year average salary.

The Civil Service Commission's Retirement Report for the Fiscal Year Ended June 30, 1954, shows in table C-8, that of the 60,573 survivor annuitants on the roll at that time, 56,882 were receiving annuities under \$100 per month, 37,561 were receiving less than \$50 per month, and 4,034 were receiving less than \$10 per month.

These circumstances would seem to amply justify a provision for minimum survivor annuities under the Civil Service Retirement Act. Therefore, we urge that section 10 of S. 2875 be amended so as to provide for the establishment of minimum annuities, in all survivorship cases, on the basis of a minimum credit of 15 years' service, but not exceeding an annuity equal to 40 percent of the average salary. At least one other system for the retirement of Federal employees, the Foreign Service retirement system, has had such provisions since 1946.

Many Federal employees do not have coverage, other than that provided by the Civil Service Retirement Act, which would provide protection for their families after death. This protection, as now provided, ceases immediately after the employee's separation, unless he retires at that time.

Most other systems, under which coverage might be secured after separation, require varying periods for qualification. The major public system, social security, requires coverage for at least 18 months to provide qualification for family benefits.

Since the separated employee, who dies between separation from the protection of the civil-service system and the time required to gain

coverage, is "caught in a squeeze," it seems only fair that the protection of one system should be extended for at least a limited time to allow qualification for other protection.

We, therefore, recommend that section 10 of S. 2875 be amended to provide for the continuation of the family benefits of the act for at least 18 months following separation of the employee for purposes other than retirement.

For many years the subject of tax exemption for civil-service annuities has been the basis of much discussion and proposed legislation. Finally, a measure of relief was provided in the Internal Revenue Act of 1954, Public Law 591, 83d Congress, which allows a tax credit at the first increment rate on up to \$1,200 of the annuity less the amount of any annuity or pension received under the Social Security or Railroad Retirement Acts and subject to certain earned-income restrictions.

Under these other two major retirement systems, also administered by the Federal Government, the maximum amounts excluded from taxation are much greater than the credit allowed civil-service annuitants and apply to a vastly larger segment of our citizens.

In fact, benefits under the Social Security Act are now exempt on amounts which may be as great as \$2,400 per annum and on benefits under the Railroad Retirement Act which will be as much as \$3,129.60 by 1976 without change in present law.

In view of the cited precedents, and in the belief that relief from taxation should be extended on an equal basis to all our senior citizens, we urgently suggest that section 15 of S. 2875 be amended so as to provide for the tax exemption of civil-service annuities in amounts at least equal to the amounts exempted from taxation under other major federally administered systems.

Mr. BRAWLEY. Mr. Dorson, this committee might be in favor of that kind of an amendment, but it is completely beyond our jurisdiction. We have no jurisdiction at all on that.

Mr. DORSON. I understand that the committee does not assume jurisdiction on tax problems. However, it has somewhat in the past, without very much success, and it is true that the only change in that did come through the Ways and Means Committee and the Finance Committee of the Senate.

However, since that particular section of the bill, section 15, does seem to be intended to cover it—and although it has not been so applied—we thought it pertinent to comment on that particular point.

Mr. BRAWLEY. All right.

Mr. DORSON. The policy of not making major changes in the Civil Service Retirement Act retroactive as to application, while admittedly desirable from an administrative standpoint, has created many inequities and much dissatisfaction among those who retired or were separated with deferred annuity rights prior to the effective date of such changes. In addition, such a policy has been the major cause of the problem of adjusting annuities with which the Congress is faced periodically.

To eliminate many of the inequities and much of the dissatisfaction that we believe will be created by the provisions of S. 2875, we suggest that the bill be amended by striking out the present language

of section 4, beginning on line 13 and ending on line 18, on page 40, and inserting in lieu thereof the following:

SEC. 4. In the case of those who before the effective date of this Act shall have been retired, or separated with title to deferred annuity, their rights shall be determined and annuity adjusted under this Act with proper weight being given to the increases in the average salaries of the position which forms the basis for their annuities, but this Act shall not be construed as to reduce the annuity of any such retired person nor shall any increase in annuity commence before the effective date of this Act.

The inclusion of such a provision in a major revision of the Civil Service Retirement Act is not entirely without precedent. The act of May 29, 1930, Public Law No. 279, 71st Congress, cited as the present organic act, contained a similar provision in section 8.

Mr. Chairman, with the amendments herein suggested, our organization requests the early enactment of S. 2875 and urges its favorable consideration by the committee of the Congress.

We thank the subcommittee for the opportunity afforded us to express the views of our organization.

Mr. BRAWLEY. Mr. Kerlin, do you have any questions?

Mr. KERLIN. No.

Mr. BRAWLEY. Thank you very much.

The next witness is Mr. George Warfel.

STATEMENT OF GEORGE WARFEL, PRESIDENT, NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS

Mr. WARFEL. I would be glad to present my statement for the record which is just an endorsement of the bill.

Mr. BRAWLEY. You may read it or wait until the next hearing.

Mr. WARFEL. I will present it right now.

(The above-mentioned document is as follows:)

STATEMENT OF GEORGE L. WARFEL, PRESIDENT OF THE NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS

Mr. Chairman and members of the committee, I am George L. Warfel, president of the National Association of Special Delivery Messengers with headquarters at 112 C Street NW., Washington, D. C. Our membership is deeply appreciative of the active interest shown by Members of Congress in the introduction of the various bills seeking to liberalize the Civil Service Retirement Act. We also express our thanks to Chairman Johnston and the members of this committee for getting these hearings underway, and for this opportunity to express our views.

We wholeheartedly endorse the principles of S. 2875. First, because it provides for many just and greatly needed improvements in present law for which our national conventions have gone on record; and second, for the reason that it seeks to maintain the Federal civil-service retirement system separate and apart from social security (OASI), with which objective we are in complete accord and consider of the utmost importance. We see no necessity for such "coordination" as is provided by the bill S. 3041 in order to obtain (1) full coverage for all employees, or (2) the much-needed increase in annuities and the survivorship benefits which are a part of S. 2875.

While endorsing the principles and objectives of S. 2875 we respectfully recommend the following amendments which we trust may receive full consideration by the committee:

(1) That basic pay be specified to include longevity, overtime and night differential.

(2) That section 7 (d) relating to disability retirement be so amended as to exclude the penalties imposed on disabled annuitants by the present wording.

(3) Inclusion of widows' annuity for those employees who retired between April 1, 1948, and October 1, 1949.

(4) While this bill greatly reduces the penalty imposed on those who retire before age 60 with 30 years' service, we urge that all penalty be removed, making it possible to retire at full annuity after 30 years' service, regardless of age.

(5) That in section 9 (line 16, p. 21) 75 percent be stricken out and 80 percent substituted, which is as in the present law.

Mr. Chairman, I again thank you for this opportunity to make these recommendations and trust that the committee will favorably act on the bill.

Mr. WARFEL. All I wish to say is that we appreciate the work of the committee and the committee staff and the work of the chairman in arranging for these early hearings, and are glad to endorse the bill in principle.

Mr. BRAWLEY. Thank you, sir.

Mr. Charles Puskar.

**STATEMENT OF CHARLES E. PUSKAR, EXECUTIVE SECRETARY,
NATIONAL ASSOCIATION OF POSTMASTERS; ACCOMPANIED BY
EDWARD J. QUIGLEY, POSTMASTER AT BROOKLYN, N. Y.**

Mr. PUSKAR. We will proceed with our presentation in summary form, Mr. Brawley, if that is all right, because it will only take about 4 minutes, and Mr. Quigley came all the way from Brooklyn to be here.

For the record my name is Charles E. Puskar. I am the postmaster at Imperial, Pa., and executive secretary-treasurer of the National Association of Postmasters of the United States.

In this latter capacity, I am representing John F. Fixa, postmaster of San Francisco and the president of our organization. I would also like to introduce the gentlemen accompanying me today: Postmaster Edward J. Quigley, of Brooklyn, N. Y., who is here today in his capacity as chairman of the public relations committee of our organization, and Mr. George W. Grader, who is administrative assistant in charge of the Washington office of our association.

Mr. Chairman, we have 33,698 members, which is slightly more than 88 percent of the 38,000 postmasters in the United States, and we are grateful to you and the members of your committee for this opportunity to express our views regarding the civil-service retirement system.

The National Association of Postmasters has long advocated more liberal retirement benefits for Federal employees, and we want to go on record as approving in principle the benefits embodied in S. 2875, known as the Johnston retirement bill.

We feel that the formula for computing annuities in S. 2875 would bring retirement benefits more equitably in line with those existing in private industry today, and many other liberalizing features of the bill, in our opinion, are long past due.

Postmasters today, more than ever before, feel secure in their jobs under the Ramspeck-O'Mahoney Act, and, like all Federal personnel with civil-service status, can look forward to a life career in the postal service as long as they efficiently and conscientiously manage their respective offices. That fact makes the liberalization of the civil-service retirement system of paramount importance to us.

It has been said that the bill would cost approximately an additional \$521 million. As responsible citizens and as postmasters, it is natural that we are somewhat apprehensive as to whether the fiscal condition of our Government could absorb that total cost.

In view of the liberal benefits we would receive under the bill, it is my opinion that the large majority of our members would have no objection to paying an additional amount above the 6 percent of our salaries presently being paid into the civil-service retirement fund, in order to lower the net cost to the taxpayers of our Nation.

It has been said that an additional cost of approximately one-half billion dollars may jeopardize the fiscal policy of the Nation by placing the Nation's indebtedness dangerously close to the national debt ceiling.

Therefore, we recommend that provisions be made in the bill for financing the total cost of the bill, in order to reduce the possibility of an objection on a financial basis by the executive branch of the Government. In that respect, I was happy to hear Mr. Brawley explain why it was not possible to put that in that bill.

It is now my pleasure, Mr. Chairman, with your permission, to present Postmaster Edward J. Quigley, of Brooklyn, N. Y., chairman of our public relations committee, for further testimony.

Mr. QUIGLEY. Mr. Chairman, members of the committee, for the purpose of the record, I am Edward J. Quigley, postmaster at Brooklyn, N. Y., and chairman of the public relations committee of the National Association of Postmasters of the United States.

You have been patient and generous in allowing the representatives of the various postal organizations to submit testimony relative to the civil-service retirement system during this hearing. It has been pointed out by various witnesses here that liberalization of our retirement system is much needed.

The members of our association concur with that opinion. It has been noted that no complete revision has been made in the Civil Service Retirement Act since it was enacted in 1920. In the ensuing years the cost of living has more than doubled and we feel that the Johnston bill, S. 2875, will help to alleviate the unfair condition that presently exists.

We feel that the outstanding feature in the Johnston retirement bill is the more liberal factor for the computation of retirement benefits, and we heartily endorse that principle.

However, as pointed out by Mr. Puskar, we also feel that it is our responsibility to recommend some means of helping to finance the cost of the bill. For that reason, I concur that it would not be objectionable to a large majority of our members to increase our contribution to the civil-service retirement fund to offset at least a part of the cost of the increased benefits.

The means of financing the bill is necessarily the responsibility of Congress and the executive branch of the Government. However, we feel that the method of financing should be spelled out in the bill itself. Postmasters, like any other Federal employees, are not unwilling to accept the liberalized retirement plan, but on the other hand, feel that it is legislation that is long past due.

However, as responsible citizens, we feel that some method of financing the cost of the bill is also our concern.

On behalf of our approximately 34,000 members, we thank you for having given us the opportunity to testify at these hearings, and we are indebted to the members of this committee for the consideration and courtesy shown us.

Mr. BRAWLEY. Thank you very much.

Mr. Thurmond Darr.

Mr. KERLIN. Mr. Darr had to leave and asked to have his statement put into the record as though it were read.

(The above-mentioned document is as follows:)

STATEMENT OF THURMAN DARR OF THE NATIONAL ASSOCIATION OF ALCOHOL AND TOBACCO TAX FIELD OFFICERS

My name is Thurman Darr and I am a member of the liaison committee of the National Association of Alcohol and Tobacco Tax Field Officers. I am a full-time employee of the Internal Revenue Service, Alcohol and Tobacco Tax Division. In the past I have worked as a storekeeper-gager and I am now employed as an investigator.

I have taken annual leave from my job to appear here this morning in behalf of the association to support any legislation which will substantially improve the provisions of present law establishing a Federal employees retirement system. As an organization, we particularly favor S. 2875 sponsored by Senator Johnston, of South Carolina, but there are many desirable provisions in the bill introduced by Senator Carlson which we would like to see integrated into Senator Johnston's bill. In addition, we are most anxious that whatever bill is recommended by this committee contain a provision for optional retirement at age 50 of Government employees engaged in hazardous occupations.

First, I should like to tell the committee something about our organization and the job classifications of storekeeper-gager, inspector, and investigator which we represent. The association was originally formed in 1901 under the name of National Association of United States Storekeeper-gagers. The name was changed last year and the jurisdiction of the organization expanded to include inspectors and investigators. In permissive work we represent our Government at the various distilleries, internal revenue bonded warehouses, industrial alcohol plants, rectifying and bottling plants, wineries, and storerooms throughout the United States. In enforcement work we investigate law violations and apprehend criminals.

The primary duty of the storekeeper-gager is to test, measure and report to the Internal Revenue Service on the quality and quantity of alcohol production. On the basis of his reports, the alcohol tax liability of the industry is fixed which represents annual taxes collected by the Government of approximately \$3 billion. The day-to-day duties of the gager bring him in touch with highly explosive chemicals and liquids and fatal accidents are not uncommon. During the last year three serious accidents occurred. At Pekin, Ill., Gager Sarek was injured and severely burned in a disastrous explosion. On February 11, 1955, at Sunnybrook Distillery near Louisville, Ky., Gager Hodges was splashed with boiling hot stillage and the burns were so severe that he is still unable to return to work. The worst accident of the last year, however, occurred on May 26, 1955, at a plant operated by Publicker Industries, Inc., at Philadelphia, Pa. Gager Baker was killed as were three company employees entrapped in the denaturing premises. Of 14 storekeeper-gagers on duty, 7 were severely burned and injured in varying degrees. From these examples I am sure the committee will understand that ours is a hazardous occupation.

Investigators are also field employees of the Alcohol and Tobacco Tax Division and are charged with the detection of crime and the enforcement of our tax regulations, including apprehension of criminals. Inspectors make regular and special inspections to determine compliance with the regulations.

At the present time there are approximately 1,000 storekeeper-gagers, 1,000 inspectors, and 1,500 investigators eligible for membership in our organization. We are all Federal employees with very few of our number assigned to duty in Washington, D. C. Our work is, for the most part, at the industrial plant or distillery where we work alongside the employees of private industry. Since the end of the war we have watched these employees through their collective bargaining organizations achieve higher wages than many of our members receive and, in addition, company-paid-for employee benefits far more liberal than any we enjoy. As a group, we welcomed the long overdue pay raise legislation of last year and we think that the next major step for Federal Government employees will be the enactment of the retirement principles embodied in S. 2875.

Our association has seriously and conscientiously studied the differences which appear to exist between the Carlson and Johnston bills. We believe that any final bill reported out by this committee should include features of both bills.

To summarize our position, we think the reported bill should include as a minimum the following provisions:

1. An increase in annuity and family survivorship benefits by the percentages proposed in the Johnston bill.

2. No increase in employee contributions above present requirements. Since 1920 Federal employees have paid nearly 5 billions into civil-service retirement and total benefits paid out have been only 2.2 billions. The civil-service retirement fund today is more than 6 billion. There is no justification now for further increases in employee contributions.

3. A provision for coordination of civil-service retirement with social security benefits as provided by the Carlson bill.

4. A definition of hazardous employment which will clearly include the members of our association and entitle them to optional retirement rights at age 50. The present language of section 6 (c) of the Johnston bill needs clarification in order to cover hazardous occupations not connected with detection of crime or apprehension of criminals.

The listing of these four points is not intended to be comprehensive. As I have said before, there are other desirable provisions in both the Johnston and Carlson bills. We have studied the Kaplan report and believe that it represents a careful and intelligent analysis of the present retirement system.

We are, however, concerned with the assumption of the Carlson bill that employee contributions to the retirement system must be increased from the present 6 percent in order to finance the more liberal benefits. An increase in contributions not accompanied by a further increase in the salary scale would be most disheartening to Federal workers. Current deductions from our salary checks absorb from 15 to 26 percent of our theoretical salaries. Private enterprise has found it possible to provide special funds for fringe benefits without lowering the basic take-home pay. The Government should be able to do the same.

I want to thank the members of the committee for extending me the privilege of appearing here today and I shall be happy to answer any questions which are asked me.

Mr. BRAWLEY. Mr. J. E. Stark.

STATEMENT OF J. E. STARK, DIRECTOR, UNITED STATES RETIREMENT BENEFITS ASSOCIATION

Mr. STARK. I am John Edwin Stark, director of the United States Retirement Benefits Association, Inc., and I appreciate the privilege extended to me and to this organization in presenting our position regarding retirement legislation which would result from the enactment of S. 2875.

We urge the passage of this bill because we consider it a positive step in the revision of the United States Civil Service Retirement Act, a step in the right direction; a step in the elimination of inequities and in acquiring a very substantial increase in order that Federal employees may be assured an American standard of living.

During 1955 the President stated on several occasions, I believe, that more than 50 percent of Federal retirees were receiving \$1,300 per annum or less. As of June 30, 1954, more than one-fifth of them were receiving \$600 per annum or less.

The statement from Mr. Kaplan was that Federal employees paid more for what they received in retirement benefits than any other group in the United States.

I mention this as an illustration of the need for a more general and a more substantial coverage than would be provided by the passage of this bill, S. 2875.

At this point, Mr. Brawley, I should like, if I may, to insert into the record the USRBA resolutions presented to the House and Senate

Civil Service Committees in 1954 and 1955, which gives a more definite and complete statement of what our organization considers is a more general and more substantial coverage.

Mr. BRAWLEY. It may be inserted.

(The above-mentioned document is as follows:)

UNITED STATES RETIREMENT BENEFITS ASSOCIATION—PROPOSED RETIREMENT LEGISLATION AS SUBMITTED TO CONGRESS IN DECEMBER 1954 AND IN JANUARY 1955

In order to establish an adequate and equitable retirement system for Federal employees and other participants of the Federal retirement system which now operates under the Civil Service Retirement Act of May 29, 1930, as amended; and

In order to cooperate with the Members of the United States Senate and of the House of Representatives, through their designated committees, we herewith submit the following suggestions in the form of resolutions:

RESOLUTION NO. 1

Whereas during the fiscal year 1953 the receipts for retirement benefits were more than $2\frac{1}{2}$ times the disbursements for all retirement benefits; and

Whereas some retirees receive compensation on the basis of $2\frac{1}{2}$ percent of the basic annual salary as computed under our present retirement law while many retirees draw retirement compensation on the basis of only $1\frac{1}{2}$ percent; be it therefore

Resolved, That retirement compensation be made uniform in that all retirees be paid on the basis of the $2\frac{1}{2}$ percent except that the increase for lower grades (below \$7,000 per annum) shall be determined by the use of 2 percent plus \$35, which is comparable to the formula used in the present law.

RESOLUTION NO. 2

Whereas many retirees retiring prior to April 1, 1948, would not benefit under an amendment as in resolution No. 1; and

Whereas many of these retirees do not have, under the present law, adequate and equitable retirement benefits; be it therefore

Resolved, That any and all retirees who retired prior to April 1, 1948, be given the option of using either the 5-year formula as set forth in resolution No. 1 or of accepting a 50-percent increase subject only to a maximum retirement compensation of \$3,600 per annum.

RESOLUTION NO. 3

Whereas of all retirees as of June 30, 1953, more than 20 percent, or approximately 1 of each 5 retirees, were receiving less than \$600 per annum; and

Whereas, as of June 30, 1953, more than 65 percent of all retirees were receiving less (many of them very much less) than \$1,800 per annum; and

Whereas this inadequate retirement compensation is perhaps the result of circumstances over which the great majority had no control; and

Whereas the limitation of \$1,200 per annum was placed on early retirees regardless of the period of useful service and regardless of the amount of money deducted from their salaries; and

Whereas some reasonable addition of retirement compensation should be given to those whose period of service has been reduced because of disability; be it therefore

Resolved, That such inadequate retirement compensation be corrected, in some considerable degree, by giving an option to all retirees to choose the following plan:

The following low retirement compensation plan shall apply to both disability and nondisability retirees.

A 5-year period of retirement shall be required for all retirees under this plan, but for those retired because of disability, a continuous disability must have existed during the 5 consecutive years following the date of retirement. If, however, the disability retiree is not offered the same position held at the time of retirement, or a position comparable in duties and salary, the disabled retiree shall not be required to give further proof of disability during these 5 years and such retiree shall not be required to show that the same disability existed during

the 5-year period in any case, except that false or fraudulent statements or acts by such retiree for the purpose of concealing the true state of his or her health shall be considered cause for refusing retirement compensation under this plan.

As indicated in the schedule, the disability retiree who, after 5 years of continuous disability, fulfills the requirements as herein stated shall be rated for the same retirement compensation as a nondisability retiree with approximately double the service credit as that of the nondisability retiree.

Schedule, retirees under this Federal retirement system with service as an employee in the administrative, legislative, or judicial branches of the Federal Government

Years of service		Minimum retirement compensation
Disability	Nondisability	
5 years.....	10 years.....	\$900
7½ years.....	15 years.....	1,200
10 years.....	20 years.....	1,500
12½ years.....	25 years.....	1,800
15 years.....	30 years.....	2,100
17½ years.....	35 years.....	2,400

RESOLUTION NO. 4

Whereas many of the survivors under this Federal retirement system have not received and do not now receive a sufficient annuity to meet the requirements of the American standard of living; and

Whereas it has been recommended that by taking money from the receipts of social security this may be remedied to a very limited extent; and

Whereas there is much more available per person from Federal retirement receipts than from social security; and

Whereas the rank and file of Government retirees do not desire to deprive the persons, who now draw social-security benefits, of money which is needed by them and to which they are entitled; be it therefore

Resolved, That each survivor participating in this retirement system be given, without further cost, an increase of \$300 or 30 percent of the present survivorship payments, whichever is the greater.

J. E. STARK, *Director, USRBA.*

NOTE.—The above resolutions are intended to apply to present and future retirees with the exception of resolution No. 2.

Mr. STARK. Senator Carlson's bill, S. 3041, has been offered as a substitute for S. 2875 on the assumption, I believe, that it, S. 3041, would give greater benefits and be much cheaper to the taxpayer and to the Federal employee. How this can be done is by no means clear to me, but we are opposed to any form of amalgamation with the social security or any other retirement system.

Mr. KERLIN. Mr. Stark, if you will pardon me for interrupting, I might add that it is not clear or did not appear to be clear to Mr. Young or to the Commissioner of Social Security or to others here.

Mr. STARK. I observed that.

Our employer is the Federal Government, and it is with our employer only that we want to deal; and it is our desire that our employer be able to negotiate without spending valuable time in the examination of other retirement systems involving employers, hundreds of them—yes, thousands of employers—in order to be sure that some needed provision for us does not interfere with the rights of some retiree in one of the thousands of systems now amalgamated—or very closely affiliated—with the OASI.

Amalgamation, which we believe is being introduced in S. 3041, would mean not only amalgamation with social security but would mean amalgamation with thousands of other retirement systems.

The Federal retirement system has had bits of piecemeal legislation over the years with much good resulting, but with much to be desired in a general revision. Social security, with its piecemeal additions, has become much more complicated in less time. Each needs revision. To combine these two would be like entangling two piles of yarn in order to properly untangle them.

It seems rather absurd for the United States Government to be so concerned over the low standard of living of foreigners in foreign lands and at the same time fail to provide a good American standard of living for its former employees.

Also, the matter of employee morale is important. The employee wonders if he or she will be treated as are the present retirees.

It is important that our economy be stabilized. A step in this direction would be the payment for an American standard of living to civil-service retirees, a group which would, if permitted, maintain such standard of living.

This group is sufficient in number and in geographic distribution to be quite effective in this respect, and the money now available is certainly sufficient for this step. I wish to make this statement before closing, and it does not come under the business prescribed for the subcommittee, but the members of this organization wish to express their sincere appreciation of the 1955 cost of living increase in retirement benefits.

Again, I wish to thank you, Mr. Chairman, and also to thank the other Senators on this subcommittee for the privilege extended to me in presenting this testimony.

Mr. BRAWLEY. Thank you very much, Mr. Stark.

Mr. Leon B. Lent, Mr. C. M. Lample, and Mr. William P. McCracken.

Mr. LENT. Mr. Lample will make our presentation for us.

STATEMENT OF C. M. LAMPLE, PRESIDENT, FEDERAL RETIREMENT PROTECTIVE ASSOCIATION; ACCOMPANIED BY LEON B. LENT, EXECUTIVE SECRETARY, AND WILLIAM P. McCRACKEN

Mr. LAMPLE. We have a prepared statement which we would like to submit for the record, but I would like to emphasize 1 or 2 points.

Mr. BRAWLEY. Why do you not take a seat then and proceed?

Mr. LAMPLE. We are perhaps the only organization that have not proposed any amendments to S. 2875. We have deliberately avoided it. We can think of a lot of things we would like to see included, but we believe that nothing should be permitted to stand in the way of the progress that we hope to get through S. 2875.

We consider the Retirement Act somewhat on the order of an ailing or sick human being. It has acquired ailments over the years, and those ailments are not going to be cured with 1 bill any more than human ailments are cured by 1 pill.

So, we have avoided deliberately offering any amendments. For example, at one time we had decided to enlarge greatly on the benefits for persons engaged in hazardous occupations.

We can think of nothing more hazardous than an airplane pilot who is required to check prototype airplanes for aviation facilities, or electronics people who are daily required to play with extremely high voltage, and nowhere in any of the proposals has any consideration been given to these people.

However, as I said before, we don't think 1 pill cures all the ills, and we urge and plead that the committee do everything in its power to pass S. 2875, because it has been much needed and represents at least a minimum of 36 distinct improvements over present law.

Thank you very much.

Mr. BRAWLEY. Thank you very much, and we will make your prepared statement a part of the record.

(The above-mentioned document is as follows:)

STATEMENT OF CHRIS M. LAMPLE, PRESIDENT OF FEDERAL RETIREMENT PROTECTIVE ASSOCIATION

Mr. Chairman, and gentlemen of the committee, my name is Chris Lample and I represent the Federal Retirement Protective Association.

We appreciate the opportunity you have given us to present our views on S. 2875, along with our comments on several factors related to the civil-service retirement system. Before going further, we wish to say that we like S. 2875 very much, since it represents a distinct improvement over present law. It certainly goes a long way toward eliminating many of the inequities in the present act, and all Government employees should be very happy about these improvements.

Our studies of the existing act, the report of the Committee on Retirement Policy for Federal Personnel known as the Kaplan report, and S. 2875 have not only strengthened our conviction that the longtime principle underlying the civil-service retirement system is sound, but also convince us that S. 2875 also is sound and deserves the support of all Federal employees.

Our analysis of S. 2875 indicates to us that it contains at least 36 separate and distinct improvements to existing law. These improvements include extension of benefits, removal of inequities, clarification, simplification, and uniformity. We believe this constitutes a long step forward in retirement legislation, particularly with respect to liberalization of the annuity formula which, it is generally agreed, can and should be accomplished.

The Civil Service Commission report on the status of the fund clearly shows that the total of all employee contributions to the fund alone has exceeded the total of all disbursements by more than \$800 million. Despite the fact that the total of Government appropriations is approximately \$1½ billion less than the total of deductions from employees' salaries, the balance in the fund has risen steadily over the years to in excess of \$6 billion. It has already been shown that the rate of salary deductions could be reduced approximately one-third, and yet, optional retirees and employees involuntarily separated before age 65 would receive the same annuity as under present law. Under these circumstances, it is far preferable to provide the increased annuity proposed in S. 2875 and maintain the present level of salary deductions.

We have attached an analysis of the civil-service retirement report for fiscal year ending June 30, 1954, which shows that if the salary deduction rate had always been 6 percent and if payments to retired employees had always been at the rate of 2½ percent of average salary, the balance in the fund would still be in excess of \$5 billion as of that date. To carry this point further, our analysis also shows that if Government appropriations had matched salary deductions, under these assumed conditions, the balance in the fund as of June 30, 1954, would have been over \$7,300 million. This clearly indicates to us that a continuation of the present level of salary deductions and reasonably matching appropriations by the Government will more than offset the increase in disbursements from the fund that would result from the new provisions in S. 2875.

Although S. 2875 does not reach the ultimate goal of our association, we believe it is a major step in the right direction. We therefore urge that favorable action be taken on this bill.

EXHIBIT A

Analysis of civil service retirement report, fiscal year ended June 30, 1954

[All figures to nearest million]

A. Operating receipts:

1. If all deductions had been made at 6 percent rate:

Rate	Actual reduction	
2½ percent, 1921-26	93×6/2.5-----	\$223
3½ percent, 1926-42	587.5×6/3.5-----	1,008
5 percent, 1942-48	1,554×6/5-----	1,888
6 percent, 1948-54	2,316×6/6-----	2,316

2. Total deductions to June 30, 1954 would have been----- \$5,435

B. Disbursements (if all annuities had been computed on basis of 2½ percent of average salary. Although some annuities have been computed at 2 and 2½ percent of average salary, for purposes of this analysis we will assume that all annuities have been computed at the 1½-percent rate, thus placing the disadvantage on our side:

1. Payments to retired employees would have been increased \$1,595; in the ratio of 2.5/1.5 or 5/3 of \$2,393 (from CSC report)-----	3,988
2. Assuming payments to survivor annuitants would have been increased proportionately—5/3 of \$88 (from CSC report) equals-----	146
3. Payment of refunds, etc. (from CSC report)-----	1,251
4. Adjustments (from CSC report)-----	-110
5. Total disbursements would have been-----	5,275

C. Salary deductions would have exceeded disbursements by----- 160

D. Average interest on investments is 0.0377.

E. Interest loss resulting from—

1. Annuity increase to retired employees, \$1,595×0.0377 equals-----	60
2. Increased survivor annuities, \$88×0.0377 equals-----	-63

F. Salary deductions alone would have exceeded all disbursements by-- 97

G. Total Government appropriations to June 30, 1954 were----- 3,363

H. Interest on investments----- 1,712

(NOTE.—Interest actually would have been slightly higher.)

I. Plus transfers (from CSC report)----- 22

J. Balance in fund June 30, 1954 still would have been----- 5,194

K. If Government appropriations had matched salary deductions:

1. Government appropriations would have increased by_ \$2,072	
2. Interest on K-1-----	78

3. Balance in fund would have increased by----- 2,150

L. Total balance in fund June 30, 1954 would have been----- 7,344

Mr. BRAWLEY. Do you have any questions, Mr. Kerlin?

Mr. KERLIN. No.

Mr. BRAWLEY. Mr. William S. Tyson.

STATEMENT OF WILLIAM S. TYSON, COUNSEL FOR LOCAL NO. 30, PANAMA CANAL PILOTS, I. O. M. M. & PILOTS

Mr. TYSON. I would like to introduce the statement and maybe summarize just one paragraph, that we are here representing the Panama Canal Pilots. We are affiliated with the AFL-CIO.

We would like to endorse the bill and also the opinion of Mr. Ryan who appeared for the AFL-CIO. The group we represent is a

small group, and we think the hazards of their employment bring them within the provisions of section 6 (c) of S. 2875.

I also would like to call the attention of the subcommittee to the fact that it is my understanding that other foreign-service personnel in the State Department are covered by provisions which are similar to this which we ask for inclusion in this bill.

The hazards of the tropical employment are certainly not exaggerated in the case of my clients, because of their constant and continuous exposure to the sun and all the elements of the tropical climate.

Three of the officers of the organization have, within the past year, had cases of skin cancer, and in addition to that their exposure to the other diseases and elements of the climate in Panama are mentioned in my statement.

I would like to say, however, that the necessity for some action on S. 2875 with respect to these people is buttressed by the fact that since 1949, the years in which statistics have been kept of the pilots who have left employment, over 80 percent of them have failed to reach the retirement age provided in the Civil Service Retirement Act, and so we have a small group of maritime employees, only 20 percent of whom have received the benefits of the Civil Service Retirement Act, and we think the facts set forth in this statement will give the committee full information as to why this has happened.

We hope and urge the subcommittee and the committee to include this group within the group of hazardous occupations and positions which are now covered under section 6 (c) of S. 2875.

I might say also that there is a bill pending in the House, H. R. 3946, which does exactly what we are recommending here, and we would recommend that the committee give that bill and the statements that have been made in respect to it their consideration.

Thank you very much for the opportunity of appearing here.

Mr. KERLIN. I have one question I would like to ask. Of the 80 percent who do not go on to retirement, do they quit or do they become disabled?

Mr. TYSON. I have some figures in that statement.

Mr. KERLIN. Is that covered in your statement?

Mr. TYSON. Yes; I think of the 26 who quit who were 50 or older, over 50 percent have been retired for physical disability; 4 have died; 4 retired with reduced annuities before reaching the age of 62 because of various things; and only 5 of the 26 were able to reach the retirement age of 62 without physical disability, which we considered as bearing upon the factors in our case.

Thank you very much.

Mr. BRAWLEY. Thank you, and your prepared statement will be made a part of the record.

(The above-mentioned document is as follows:)

STATEMENT OF WILLIAM S. TYSON, COUNSEL FOR LOCAL NO. 30, PANAMA CANAL PILOTS, INTERNATIONAL ORGANIZATION OF MASTERS, MATES AND PILOTS

Mr. Chairman and members of the subcommittee, my name is William S. Tyson and I am legal counsel for Local No. 30, the Panama Canal Zone Pilots of the International Organization of Masters, Mates and Pilots, affiliated with the AFL-CIO.

As this subcommittee is holding hearings on S. 2875 to amend the Civil Service Retirement Act of May 29, 1930, I would like to place before you a retirement problem which is of vital concern to a small group of approximately 90 American citizens who pilot vessels through the Panama Canal. These pilots, maritime

employees of the Panama Canal Company, have an outstanding record for safely navigating all kinds of vessels through the complicated lock systems and narrow channels of the Panama Canal.

The provisions of the present Civil Service Retirement Act of 1930, to which these employees are subject, are entirely inadequate to meet the peculiar retirement problems of this worthy group of Federal workers. Statistics show that very few of these pilots will be able to continue at work in their roles until they reach the retirement age of 62 established in the present act. I believe this subcommittee will wish to know why such a condition exists.

There are several reasons why at least 80 percent of this group of pilots never attain the age of 62 established in the Retirement Act without prior disablement or death:

1. The average starting age for a position as a qualified Panama Canal pilot is 36 years. This is due to the long years of experience acquired during training in service on the high seas and as masters of oceangoing vessels, all of which are required for these jobs. Because of the high entrance age the incidence of disabling illnesses before reaching age 62 increases markedly.

2. The duties of Panama Canal pilots require that they be subjected to long periods of continuous and extensive glare and heat from a strong tropical sun. The back glare from the water exaggerates the effects of the tropical sun in much the same manner that a pane of ordinary glass can be used to set fire to a sheet of paper. Constant exposure to tropical heat, sun glare, excessive rainfall, dampness, humidity, and other elements of the Tropics either precipitate or aggravate many of the diseases to which these employees are subjected.

It should be pointed out that skin cancer due to exposure to tropical sun glare is very frequent with these employees. Three of the officers of the pilots' organization have had such cancers removed within recent months.

3. Panama Canal pilots must navigate vessels of heavy tonnage with a breadth almost equivalent to the canal, including multi-million-dollar aircraft carriers, through precarious cuts, channels, and passages for a distance of some 48 miles which is the length of the canal. These transits consume up to 20 hours, oftentimes largely at night. In many weeks a pilot is able to sleep only every other night. Furthermore, the hazards of boarding and disembarking from all types of vessels in rough waters, up and down high swinging rope ladders, have resulted in many serious injuries. Only a few weeks ago a man was drowned when boarding a ship in these same waters under similar circumstances. Such long periods of dangerous passages, nightwork, lack of sleep, and the hazards incident to boarding and disembarking from all kinds of vessels in high seas have contributed to the strain and tension of these jobs resulting in shortened years of active duty.

4. Eminent medical authorities have commented on the hazards and debilitating effects of life in the Tropics. Apparently the whole oxidation process of persons who come from temperate zones slows up, resulting in a condition of chronic fatigue, headaches, and faulty elimination of toxins from the body. Lack of muscle tone in the Tropics results in organic deterioration and consequently shorter life. That these things do happen in tropical Panama is supported by increased rates charged Americans in the Canal Zone by the insurance companies. By virtue of their outside activities the pilots are constantly exposed to all such tropical elements.

5. The incidence of skin cancer, tuberculosis, nephritis, parasitic fungi, and other diseases of the Tropics among the pilots establishes the health hazards to which these employees are subjected. In addition the strain, tension, and dangers of their duties combined with the heat, glare, and humidity explain the apparent short life span of these employees. According to statistics which have been kept since 1949, 26 pilots over 50 or 32 percent of the force have left their jobs for other than personal reasons during this period. Thirteen of these 26, or 50 percent of those leaving, have retired for physical disability; 4 died; 4 retired with reduced annuities before reaching age 62; and only 5 of the 26 were able to reach the retirement age of 62 without physical disability.

It is thus evident statistically that of those pilots who have left their jobs at age 50 or older, 80 percent have been unable to reach the retirement age of 62 in good health so that they could take advantage of the retirement annuities provided under the provisions of the present Civil Service Retirement Act of 1930, as amended.

If the Civil Service Retirement Act is to meet the many diverse needs of Federal employees it must take into consideration the widespread ramifications and problems of the variegated categories of such employees.

A bill, H. R. 3946, introduced by Representative Shelley of California, is now pending before the Committee on Post Office and Civil Service of the House of Representatives which would amend section 1 (d) of the present act to remedy this unjust situation. This bill would in effect confer upon Panama Canal pilots the same benefits which are conferred upon investigative employees under section 1 (d) of the present act and section 6 (c) of S. 2875. The same benefits were conferred upon certain employees of the Bureau of Prisons and the Public Health Service by S. 65 which passed the Senate in the first session of this Congress.

Mr. Chairman, the Marine Director of the Panama Canal Company, in a letter to the pilots association, has previously expressed the view that legislation to effectuate the views expressed here would not meet objection from the Company.

This small group of maritime employees is performing with credit a particularly necessary function in this strategic tropical area and is entitled to be treated fairly by their Government. It is respectfully urged that section 6 (c) of S. 2875 be amended so as to include Panama Canal pilots within its scope.

Mr. BRAWLEY. Mr. Hulon L. Ballew.

STATEMENT OF HULON L. BALLEW, REPRESENTING COLUMBIA TYPOGRAPHICAL UNION, NO. 101

Mr. BALLEW. Mr. Chairman, my statement endorses S. 2875 and opposes any act which would couple the Civil Service Retirement Act with the social security. I have no objection to having that statement included in the record.

Mr. BRAWLEY. Very well, your statement will be included in the record as though read.

(The above-mentioned document is as follows:)

PREPARED STATEMENT BY HULON L. BALLEW

My name is Hulon L. Ballew. I am an employee of the Government Printing Office, and a member of Columbia Typographical Union, No. 101. I have a prepared statement which I would like to read into the record.

As a member of the legislative committee of my union I speak for approximately 1,300 printers of the Government Printing Office, plus the groups employed by the Bureau of Engraving and Printing and other agencies, who have a profound interest in any proposed legislation which seeks to amend the Civil Service Retirement Act.

We endorse this bill because we believe that a liberalization of the features affecting employees who retire with 30 or more years of service at less than 60 years of age is long overdue. There are many Federal employees of less than 60 years of age who have given more than 30 years of loyal, efficient service and who, because of declining health or other factors, would like to retire, but cannot afford it because of the drastically reduced annuity which would be received under the present law. We believe that the more liberal features contained in this bill is a just method of meeting and solving the problems of this type of employee. Further, we believe that it would be to the best interest of the Government to offer this plan to these employees who have given so many years of faithful service.

My group also feels that the provision of section 9 of this bill whereby the annuity is computed by multiplying the total average salary by 2 percent is a more realistic approach than the provisions of the present law.

One further thing: While I know that it is no part of the bill now being discussed, I would like to say to this committee, for the record, that my group strongly disapproves of any legislation which would in any degree couple the civil-service retirement law with social security, and are deeply disturbed by reports in the press that such legislation is being seriously considered, as we believe that any such course must inevitably be detrimental to the interests of the Federal worker.

This concludes my statement, gentlemen.

Thank you for your time and attention.

Mr. BRAWLEY. Mrs. McDermott.

STATEMENT OF MRS. ELMERDEEN McDERMOTT, WASHINGTON, D. C.

Mrs. McDERMOTT. I am Mrs. Elmerdeem McDermott, of the employees association, and I represent a great number of people who received reduction-in-force notices long before they were ever 60, and, of course, we had to go out with a reduction, which cost me around 20 percent of my retirement, and I never was a very highly paid employee at that.

But women do not work just because they are just working for something to do. Usually they work because they have a purpose or a responsibility, and I had 34 years of service, and my proposition is for these people to raise their annuity to the full amount after attaining the age of 62 or 65, whichever the committee would be interested in doing.

You see it cost me 20 percent of my retirement, and I know of a number of people who went in around my age, around 18 or 19, during the First World War, and, of course, people who went in during the Second World War, have retirement at 60 with 30 years' service, but I felt that as long as we gave our number of years' service, regardless of our age they had 34 years of my life, and I have my responsibility, and they will be increasing, and everybody's expenses are more as they get older, and we went out on reduction-in-force for economy purposes, through no fault of our own.

Mr. BRAWLEY. Although you had 34 years' service in the Government?

Mrs. McDERMOTT. Yes.

Mr. BRAWLEY. You left the Government through no fault of your own?

Mrs. McDERMOTT. That is right, the job was abolished.

Mr. BRAWLEY. You are getting retirement?

Mrs. McDERMOTT. I am getting reduced retirement with a 20-percent cut, and my idea is there are any number that I know in the Veterans' Administration where I worked that did the same thing, went out at 48 years old.

Of course, I realize the longevity and the actuarially and all that, but the thing is they have those 34 years of my life.

For example, take a Miss Mary Smith who went in the service and came out 30 years later still Miss Mary Smith, her relatives and sisters and so on that might help her out at that age, might not be able to, she wouldn't have any home to go to and she would have that much less to depend on, not having anyone to help her, no home to go to, we will say just living in an apartment or something like that.

Of course, everybody elects to live the way they want to live. I realize that, but the point is, and several of us have talked it over, who have gotten out in these same circumstances, their job being abolished, and of course, they offer you another job—and some of them that were legal and professional, they have been around grade 11's and 13's have been offered 3's and 4's. By the time they figure out their take-home pay and the difference in their retirement pay, they would just as well go home.

Of course, we all know that as we get older, they want us less than they do the younger people, make room for the younger people, they have their own families coming on.

Mr. BRAWLEY. When you are forced out of Government through a reduction in force and take your annuity with the reduction, you could then go back into Government and serve several years and have it recomputed; couldn't you?

Mrs. McDERMOTT. The only way it can be done, as I understand it, is you get the difference in your pension and your salary as of the grade, but you are not increasing your retirement pension. If you were, a lot of people would go back, I think.

Mr. BRAWLEY. S. 2875 would change that in that it would permit you to go back in the event you could find a job.

Mrs. McDERMOTT. To increase the retirement?

Mr. BRAWLEY. Yes, if you went back and remained in the service 1 year.

Mrs. McDERMOTT. It is just as hard to get back into the Government at this age as it is in private industry. I have worked from time to time in private industry.

Mr. BRAWLEY. I am not sure I got your proposition as you stated it. You proposed that the cut not be applied?

Mrs. McDERMOTT. To anyone who has had 30 years, anyone who has had it should get the full retirement.

Mr. BRAWLEY. At an age where you would receive your deferred annuity?

Mrs. McDERMOTT. Yes, I went in the Government around 18 or 19, as many of us did, during the First World War.

Mr. BRAWLEY. Would you like to add anything?

Mrs. McDERMOTT. No. I went on in another paragraph, but it is the same thought, and when a retirement for 30-years service has been reached, regardless of age passed, just if they have had 30 years I would ask that they be included. They do not usually make anything retroactive in a retirement bill, I know, but if we could insert that in somewhere—in other words, Government people that have had 30 years' service that have had to take a reduction only on account of their age and went out through no fault of their own.

Mr. BRAWLEY. Thank you very much.

Mr. Lawrence Spriggs.

STATEMENT OF LAWRENCE SPRIGGS, WASHINGTON, D. C.

Mr. SPRIGGS. Mr. Chairman, I just have one statement, and my proposal is 30 years retirement regardless of age which would give a lot of people a chance to work and have something of their lives left, and, therefore, they could go out and work on the outside if necessary and get covered by social security; but I do not endorse the coordinated program of the two systems.

Mr. BRAWLEY. Is that all?

Mr. SPRIGGS. Yes.

Mr. BRAWLEY. All right. Thank you very much.

Mr. SPRIGGS. And I thank you for this opportunity.

Mr. BRAWLEY. Is there anybody else who would want to appear as a witness to present testimony?

(There was no response.)

Mr. BRAWLEY. If not, the hearings will stand adjourned subject to the call of the Chair.

(Thereupon, at 12:40 p. m., the hearing was adjourned subject to the call of the Chair.)

CIVIL SERVICE RETIREMENT

WEDNESDAY, MARCH 14, 1956

UNITED STATES SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
CIVIL SERVICE RETIREMENT SUBCOMMITTEE,
Washington, D. C.

Met, pursuant to notice, at 10:15 a. m., in room 135, Senate Office Building, Washington, D. C., Hon. W. Kerr Scott (chairman of the subcommittee) presiding.

Present: Senators Scott (presiding), Case, and Neuberger.

Staff members present: H. W. Brawley, executive director, and J. Don Kerlin, assistant staff director.

Senator SCOTT. The meeting will come to order.

Senator Case, if you have any questions of Mr. Schottland, would you care to ask them now?

Senator CASE. I don't have any immediate questions to ask Mr. Schottland, but I think there are some things that he would like to develop himself which would be helpful to all of us.

Senator SCOTT. Go right ahead, sir.

STATEMENT OF HON. CHARLES I. SCHOTTLAND, ADMINISTRATOR, SOCIAL SECURITY ADMINISTRATION; ACCOMPANIED BY ALVIN M. DAVID, ASSISTANT DIRECTOR, BUREAU OF OLD AGE AND SURVIVORS' INSURANCE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; AND ROBERT J. MYERS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. SCHOTTLAND. Mr. Chairman and members of the committee, our testimony last time is on file, and there is no need to repeat the things that we brought out at that time.

I would, however, just like to make one comment because of a misunderstanding, I think, that so many people have that the only effect of the administration proposal is to coordinate the two systems of OASI and civil-service retirement. I would like to emphasize at this time, one of the most important effects of the proposal is to liberalize very substantially the benefits which employees would receive; and if I might use just a few examples that are indicative of almost any kind of service and salary level, a person getting \$4,200 a year, if he has 15 years of Federal service at the present time, retires at \$84 per month.

Under the proposed administration bill, he would get \$160 in a month, from \$84, for himself.

If, on the other hand, he had a wife at age 65, he would get \$214 a month, so that the same employee getting \$4,200 a year retiring at age 65 with 20 years' Federal service, who works until 65 years of age gets \$112 a month under the present system.

Under the proposed system he would get \$178 or an increase of \$66 for himself and for himself and his wife he would get \$232, or an increase of \$132.

That same employee with 30 years of Federal service working to age 65 now would get \$168 a month under the present civil-service system. Under the proposed system he would get \$213 a month for himself and for his wife he would get \$267; so I would like to emphasize the liberality of this proposal and the liberalized provisions in connection with it.

I understood also that counsel wanted to ask some questions, and I would be very glad to answer them.

Mr. BRAWLEY. I have just sent for some charts. Is that all of your statement?

Mr. SCHOTTLAND. We filed a prepared statement, and I understood that today I was to merely answer questions.

Senator SCOTT. Do you have any questions, Senator?

Senator CASE. At the moment I don't have any, Mr. Chairman. My major concern is that we have in the record enough information as to relative costs to the Government, relative costs to Federal employees, and relative benefits over all these proposals, so that when we come to deal with it and make our decision and then write our report, we have in the record all available information from the record, the full story.

Mr. BRAWLEY. That is one of the things I wanted to develop, and I have sent for the cost charts that the Civil Service Commission presented to this committee at the time they presented the administration's proposal. I think one of the things that caused concern is the fact that the Commission attempted to present to the committee a chart showing that these new liberalized benefits would be less costly to the Government and that was the thing that is so hard to understand.

I want to show you this chart and ask for your comment on it.

You will notice there that this dotted line represents their estimate of the cost of the Johnston bill 2875, the black line is present cost, and the next dotted line is the cost of the administration's proposal which is below present costs through 1960. The figures you just presented to the committee, showing that the annuities are more than doubled in many cases are hard to understand when it is said that the cost to the Government would be less through 1960 and just slightly higher through 1975.

Mr. SCHOTTLAND. Taking as a general proposition the problem of costs, the Government as well as the employee gets the advantage of the lower cost of the OASI system as a whole and the lower cost of the social-security system as a whole due to a large number of factors. One factor is the large number of people who pay into the system all their lives, never retire, never get benefits of the system, because they keep working, fully employed all the time until they are 72 years of age; so that you do not have any payment out for any people between the ages of 65 and 72.

That reduces the cost substantially. There are, however, a number of other factors. Persons also pay into the system for many years, die,

and leave no relatives or survivors, so that all of these factors, plus the very broad coverage, are factors that make for a total decreased cost.

The reason for the very low cost in the beginning and the gradation later is this: When the system was set up, Congress said that Congress had several choices. Congress could have said we will have the employees and the employers pay the full premium of the cost of the system from the first month of the operation of the system on through to the end of the system, or we could start at a low percentage payment and gradually increase, because we do not need the money, we do not need large cash reserves at the beginning of the system, so long as on into the indefinite future the average level premium cost is what is the actuarially sound level premium cost. Therefore, we start at a low figure, which is now 2 percent, and 2 percent. Our 4 percent will go up to 4 percent and 4 percent, or 8 percent by 1975. That is the reason for the initial start of the low figure and the gradual increase.

Mr. BRAWLEY. What is the effective date of the administration's proposal?

Mr. SCHOTTLAND. I think it was January 1, 1957.

Mr. BRAWLEY. January 1, 1957—at that time how many Federal employees will be covered under the administration's proposal for the social security part of the program?

Mr. MYERS. Two million people.

Mr. BRAWLEY. On January 1 of next year 2 million people will receive automatically immediate coverage under the social-security part of this program?

Mr. MYERS. Yes.

Mr. BRAWLEY. How many of those 2 million people would be retiring in the first 2 or 3 or 4 or 5 months after January 1, 1957?

Mr. SCHOTTLAND. I don't know that we have those figures.

Mr. BRAWLEY. Do you have those, Mr. Ruddock?

Mr. RUDDOCK. It would be approximately 2,000 a month.

Mr. BRAWLEY. Approximately 2,000 people would retire the first month of this program. They would not have paid more than 1 or 2 payments under the new system. Would they be eligible for social-security coverage?

Mr. SCHOTTLAND. No; not if they are that new.

Mr. DAVID. They would still be under the present system. They wouldn't be under the proposal in the bill at all. They would be covered, but they would be the same as before. If they retired that early, they would get their retirement under the same provisions as now.

Mr. BRAWLEY. When will those people become eligible for social-security coverage, assuming as of January 1 they had no prior social-security time?

Mr. MYERS. No outside coverage, 18 months.

Mr. BRAWLEY. How long does it take an employee to become eligible for social security?

Mr. SCHOTTLAND. I wonder if we could define it this way: They would be eligible for certain benefits after six quarters. That is, that they would be currently insured. They would be eligible—

Mr. BRAWLEY. I am talking about the people that had no prior coverage at all. On January 1 under the administration's proposal they

become subject to the social security program and start paying one-third of their 6 percent to social security.

I am talking about the people who are going to retire at the rate of 2,000 a month during each of the months after January 1, 1957, with no prior coverage.

At what point do those people begin to become eligible for social-security coverage?

Mr. SCHOTTLAND. Assuming they are 65 years of age, because no one becomes eligible for retirement benefits until he is 65, the way the bill is written, they would become eligible after—

Mr. DAVID. They would become eligible at the same time as anybody else. That is by meeting the employed status requirements which depend on the man's age, and for a man to start—to get the idea of what I mean there, a man who became 65 anywhere up to June 30, 1954, would be insured for retirement benefits with six quarters of coverage for anywhere between that age and 65—six quarters would be a year and a half.

In the latter half of 1954 he would get seven quarters of coverage, and in the first half of 1955 eight quarters, and the second half of 1959, nine quarters, and a man attaining 65 in the present first half of 1956 needs 10 quarters to be covered, and it goes on up in that way.

Mr. BRAWLEY. Am I correct in this statement that on January 1, 1957, with people retiring at the rate of 2,000 a month, it is entirely possible and this statement may be correct, that almost 30,000 people could and will retire between January 1, 1957, and June 1, 1958, although having paid in just slightly short of 6 quarters to social security would never become eligible for social-security coverage?

Mr. DAVID. They will get their same protection as now. They will have no change in their protection under civil service. They would get the same benefits as they get under present law under civil service, and they will have the advantage of the survivor protection under OASI and if they would stay at work long enough to be insured, then they would get this social security.

Mr. BRAWLEY. But they are retiring at the rate of 2,000 a month.

Mr. DAVID. If they worked long enough to get 10 quarters of coverage they would then be eligible for social security.

Mr. BRAWLEY. Yes, but—

Senator CASE. May I ask a question?

Mr. BRAWLEY. Certainly, sir.

Senator CASE. On the question of retirement coverage for these same individuals, the step-up does not exist—if I am correct about this thing—but as soon as anyone of them have six quarters, he is then covered? That is, under the current law.

Mr. DAVID. He is, and he is what we call currently covered, and is eligible for the survivor protection. Six quarters is enough to make him eligible to be covered for retirement benefits or if he is a little younger he needs a little more than six quarters to be covered for retirement.

Senator CASE. Excuse me, go ahead.

Mr. BRAWLEY. Let's discuss this. A man has about 11 or 12 months to go before retirement, and on January 1 he starts paying this social security. Say, January 1, 1958, he retires.

He had no prior credit with social security until he started to pay to it on January 1, 1957, so he has less than six quarters. He is not eligible for social-security retirement; is he?

Mr. SCHOTTLAND. He is not.

Mr. BRAWLEY. Now, say he is 62 years old, and has 30 years' service, and he retires. What happens to his retirement at age 65? Does he continue to get the full civil-service retirement?

Mr. SCHOTTLAND. Yes.

Mr. BRAWLEY. Or is his retirement reduced?

Mr. DAVID. No, he gets full civil service, and I should have mentioned—and I am sorry that I have become a little rusty on this—on that case that we were speaking about, in this case or any of these others where I had said he would need six quarters in order to be currently insured and, therefore, eligible for the survivor protection, the bill also provides where there is a continuity of survivor protection beginning with the first day that the civil-service employee is under the social security—that is in case of death. That is survivorship benefits for his wife and children.

Mr. RUDDOCK. Excuse me, may I say that that applies only to the Federal civilian employee that has at least 5 years' service. It is available for the employee with 5 years of civilian service, he is eligible for survivor's benefits under the present Civil Service Retirement Act.

Mr. BRAWLEY. Where is the money coming from to pay these increased benefits? I am still not clear on that. It is coming out of some pocket. Is there any way for you to estimate how much additional cost to the Government should be added to that dotted line that the Commission presented here to cover the complete cost?

Mr. SCHOTTLAND. There should be nothing added. This dotted line is supposed to represent the cost.

Senator CASE. Just to make it absolutely clear what that is, this represents the combined cost of the integrated system. That is an accurate statement; is it not?

Mr. SCHOTTLAND. Yes, that is correct.

Senator CASE. Insofar as the civil-service cost is concerned, it represents so-called current cost plus interest on the deferred liability; is that an accurate statement?

Mr. SCHOTTLAND. Yes.

Senator CASE. Insofar as the social-security part of the coverage is concerned, it represents the employer's presently 2 and eventually 4 per cent, and it is based on the assumption that the present scale of social-security contributions by employer and employee, the Government here being considered as any employer, will pay out benefits contemplated for now and forever under the present scale of benefits?

Mr. SCHOTTLAND. That is correct.

Senator CASE. And the question open to speculation, I suppose, Mr. Brawley and Mr. Chairman, is the question of whether that scale of proposed contributions or of contributions is in fact and will continue in fact to be adequate at any time.

Mr. SCHOTTLAND. Yes.

Mr. RUDDOCK. Senator, you have said that includes the Civil Service Retirement Act, the costs, the interest on the deficit of the fund for accrued liabilities, and you mentioned that it included the employer's social-security tax. It also includes the employee's tax at the rate currently in effect.

Senator CASE. Yes, I understand. Let's see now.

Mr. RUDDOCK. This is the total cost of the system.

Senator CASE. To employee and the Government considered as employer?

Mr. RUDDOCK. Yes.

Senator CASE. I see.

Mr. BRAWLEY. Let's see if we can put this on another basis. Maybe we are talking about the wrong thing when we talk about cost.

Let's talk about money paid out.

Do you mean to tell me that the actual money paid out by the Government will be less?

Mr. MYERS. The cost paid out by the fund will be more during the next few years, but the money that the Government will put into the system will be less under the plan for the next 3 years; but thereafter it will be more and the average cost of the bill S. 3041 is more than the present system. That is why it is providing more benefits. You are quite right.

You can't provide more benefits without more costs. It is just that the method of meeting that cost has been changed from a level basis into a step-up basis. It is just like comparing an insurance policy where you pay a level amount for your life to one where you pay less for the first 5 years, and more later on.

Mr. BRAWLEY. The question is when you say less cost, it is less than what? That is what we really have to determine. We have to determine what we are talking about before we can make that kind of a statement.

Mr. KERLIN. Aren't we really refinancing our mortgage here?

Senator CASE. Yes, but I think to make these things meaningful, we ought to apply the same system of financing to the present law, to the present proposed Johnston bill, to the proposed Carlson bill, so that we are talking about the same thing, and you make a comparison which is accurate.

Mr. BRAWLEY. That is the point that I was making. I don't believe this chart reflects that accurately. That is the thing I am talking about.

Senator CASE. Is this not an accurate statement when we are talking about the present retirement system and its cost? Are we basing it on a different basis?

Mr. MYERS. The present retirement system cost, and the Johnston bill are based on a level premium. That is, the same contribution rate every year. That is why the line goes straight across.

The cost for S. 3041 is not on a level basis compared to the OASI rates which are not level, either. However, it is quite true, as I say, that for comparative purposes you have got to have them financed the same way for comparison.

The setup is briefly under S. 3041 on a level basis for the rate paid. You can translate the social security into a level basis, and certainly that would make the comparison easier to see.

If you did that, that dotted line would be level, and would probably be about one-half percent of zero above the present system, so that really the S. 3041 over the long run averages out more costly than the present system by perhaps, roughly, half a percent, and that is the reason it can on the whole give more liberal benefit and protection.

There are other cost elements in it, such as no tax on—no retirement tax on the funds provided by OASI. The OASI provides retirement

at a lower cost, but more essentially, it does cost more because it gives more.

It gives a person other services. It now covers persons who are now getting nothing for short-term service.

The Government pays a contribution, the same as anybody else.

Under the present civil-service retirement, the man who leaves under 5 years gets nothing, or he gets his money back. All these additional features must add cost to the civil-service bills. The fact that the annuities are increased as Mr. Schottland pointed out.

Senator CASE. May I ask you here what kind of calculations you go through to fix a level premium cost? I assume for each individual who comes under social security that is fixed.

Mr. MYERS. We can translate it to a graded contribution schedule and change it into an equivalent level rate.

Senator CASE. But that still is just a restatement of the statutory contribution level rather than an effort to find actuarial cost.

Mr. Schottland. No, as I understand your question, we do two things: We first find the actuarial cost, and then we attempt to turn-plate it into what the statutory level is and see what our deficiencies or surpluses are.

Senator CASE. And for the purpose of this level rate which you express as being about one-half percent, or whatever it is, over this present level rate—

Mr. SCHOTTLAND. That is the actual actuarial cost.

Senator CASE. Including the deficiency that you just mentioned?

Mr. SCHOTTLAND. If any, yes.

Senator CASE. In other words, it does not have anything to do with statutory rates at all; it is the actuarial cost of this thing?

Mr. SCHOTTLAND. Yes, for example, as of today our present estimates of the level premium cost are approximately 7.45 percent a payroll. That is the total actuarial cost of this system.

Actually we are getting in only 4 percent of the bulk of the persons covered—that is 2 and 2 percent—but the thing goes up to 8 percent later on.

In the long-run term financing the level premium cost will be raised. At the present time, with reference to our actuarial basis and our financial soundness, we are pretty much on a level.

During the time of the 1954 amendments, we reported to Congress that there would be an actuarial deficiency as of that time of 0.46. That is the pretty small margin upon which to figure, and because of increased payrolls the thing is now down to an actuarial deficiency of approximately 1 percent. That is the figure, so that for practical purposes would be almost impossible to gage the economic situation that close.

We feel we are on a level premium basis now.

Senator CASE. Mr. Chairman, I wonder if it would not be helpful if we asked the Department to present a new chart on which each of these things was calculated on the same basis, and perhaps 2 charts—1 on the level basis, and 1 on the basis earlier suggested and recommended insofar as civil-service retirement is concerned on current cost plus interest or deficiency, so that we will have all that information in our minds when we come to talk about this, or particularly to explain it to those that we are talking about.

Mr. SCHOTTLAND. Yes, Senator, we will be glad to do that.

Senator CASE. And I think, if I may just complete my request, that that might have attached to it, for the purposes of our record, an explanatory statement showing exactly how it is prepared.

Mr. BRAWLEY. I think it would also be helpful if it could be prepared to show under the three systems the total money paid out from all sources to individuals.

Mr. MYERS. Year by year?

Senator CASE. Yes.

Mr. BRAWLEY. Yes.

Mr. MYERS. For a number of years?

Mr. BRAWLEY. Yes.

Senator NEUBERGER. May I ask a question, Mr. Chairman?

Senator SCOTT. Yes, Senator Neuberger.

Senator NEUBERGER. I want to say I am very sorry to be late, but I had another committee meeting this morning, and was unable to get here any sooner.

You are discussing S. 3041, which is the bill to merge Government retirement benefits with social security, is that correct?

Mr. SCHOTTLAND. That is correct.

Senator NEUBERGER. I would just like to ask several questions, and you may previously have covered this, and if so, I am sorry if I duplicate.

In general, are the benefits of the employees, the great mass of employees to be less or equal or greater than they are at the present time under an amalgamation with social security?

Mr. SCHOTTLAND. For our employees the benefits will be increased for most of the employees they will be very substantially increased.

Senator NEUBERGER. For most of the employees?

Mr. SCHOTTLAND. Yes, will be very substantially increased.

Senator NEUBERGER. Their retirement benefits will be much greater than they are now?

Mr. SCHOTTLAND. Correct, by a very substantial amount.

Before you came in, Senator, I did—and I will be glad to repeat it, because I think it is important and because the great bulk of the employees are in that group and belong there.

If a single man retiring, and would get \$84, that would be jumped to \$160. If, on the other hand, he is an employee and has a wife, that pay would go to \$214, because they would get the benefit of that additional provision of OASI.

If he has completed 30 years of Federal service, that same person would get \$168 under the present system. Under the proposed system, they would get \$213, if he had a wife and he is 65, they get \$267.

Senator NEUBERGER. Then the \$168 under the present system would be the maximum, regardless of the number of dependents or family that he had, it would go up?

That is the ultimate?

Mr. SCHOTTLAND. That is correct.

Senator CASE. Under the present social-security law.

Senator NEUBERGER. No, under the present retirement law.

Senator CASE. I am sorry. I thought you were asking about the present law.

Senator NEUBERGER. Yes, because I thought that the \$168 figure was what was used for it, under the present system.

Senator CASE. I am sorry.

Senator NEUBERGER. May I ask you just a few comparison questions? How would the benefits which are listed in S. 3041 compare with the expanded benefits provided, I think it is, in S. 3875, which is the bill introduced by Senator Johnston?

In general, how would they relate to each other?

Mr. SCHOTTLAND. In general, I think the employees would fare better under the administration proposal, generally, all short-term employees would fare better.

All of the employees who would have the wife living, or a spouse living at 65, would fare better; and, generally speaking, I think it is correct to say that there would be about a 33 percent increase in the Johnston bill.

Many employees under this would get much more than a 33 percent increase, as indicated by the figures I have just given you, but as to the exact number, I don't have that fact.

Mr. BRAWLEY. I wish we could transfer that statement you just made into an adequate cost statement, because this cost statement that has been presented here does not bring that kind of a picture to us. It is just what I have been talking about.

The dotted line here is supposed to represent the cost of the administration's proposal. The top line which is half a billion dollars ahead of it is supposed to represent S. 2875's proposal.

Senator NEUBERGER. Let me ask you this: I had not seen this chart, because, as I say, I had this other committee meeting this morning, and this is something I do not understand. The benefits in S. 3041 compare favorably or are greater in many instances than in S. 2875, is that correct? How do you account for the so much greater cost of S. 2875?

It is obvious that the retirement benefits are expressed in terms of payments of bounties to people.

Mr. SCHOTTLAND. There are several reasons for that.

Senator CASE. I was just going to suggest that you describe that chart as we developed it a little bit earlier, Senator, that is not a chart of pay out. That is a chart of the pay in by the employer and the employee.

Senator NEUBERGER. I know this is the contributions of both groups, the payee and the Government.

Senator CASE. Yes, and the pay out is something else.

Senator NEUBERGER. The only thing I would think, Senator Case, is that regardless of what the reasons were, if the annual contributions, either from the employees or from the Government, or both, were so much greater, the benefits would be greater.

Mr. BRAWLEY. Is what you are saying now that the deficiency under social security would increase under this proposal?

Mr. SCHOTTLAND. No. May I take one question at a time, and maybe we can clarify it?

Senator SCOTT. Yes, you certainly may, Mr. Schottland.

Mr. SCHOTTLAND. With reference to Senator Neuberger's question, the Johnston bill does provide for a number of factors which increase the cost which 3041 does not have.

First, it provides for earlier retirement so that you see under social security retirement you go at 65, and also under 3041, the person would be eligible to retire earlier, but they could not get their OASI benefits, so that that is one increased cost factor.

Another increased cost factor is that a very long-term Federal employee who does not have a wife, a single person, the Johnston bill does provide in many cases a higher benefit for that particular person.

Mr. BRAWLEY. I notice you specifically mentioned the man who does not have a wife. How about the man who does have a wife and a child?

Mr. SCHOTTLAND. A man who does have a wife, who is 65 years of age, S. 3041 provides a higher benefit.

Mr. BRAWLEY. Federal employees are retiring at 60 and 62 now. They have been doing that for a number of years.

Mr. SCHOTTLAND. Yes; for those persons the Johnston bill at the present time provides a higher retirement. However, between that time and the time they are 65 years of age—when they become 65—3041 in most cases provides a higher benefit for the man and his wife.

In addition to those factors as to why the Johnston bill is more costly by virtue of its own provisions, I think 3041 is less costly by virtue of the fact that the OASI system is less costly and that is an important factor.

To come to your counsel's statement about a deficit statement, as I explained before, this chart for persons that don't work in this kind of system is a little misleading, but the level premium cost of the system which could be shown by straight line the same as that, is paid for by a graduated scale of taxes.

Congress could have said that whatever the level-premium cost is, which is now about 7.45 percent of the payroll that we would charge everyone 7.45 ad infinitum, into the future.

Congress said we do not want to do that, because in the early stages of the program there is no sense of piling up such a terrific reserve into the many, many millions of dollars and, indeed, billions of dollars.

Therefore, let us have more of a pay-as-you-go system, whereby in the early stages of the system, when the payments are relatively small, we will have a relatively small tax; and as the payments get larger, we will have a relatively larger tax, ascertaining in the final stages the level-premium cost, which will go up to 8 percent; whereas the level-premium cost is substantially lower than 8 percent.

Therefore, we will balance out in the future as the system matures. That is the reason the dotted line shows the thing in the way it does.

Mr. BRAWLEY. I think, Senator Neuberger, in order to explain this thing a little bit more clearly, let us take the man who is 60, with 35 years of service with the Government.

His average salary over the 5 highest years was \$3,500 per year. He is aged 60, and has 35 years' service. He has paid into the system for 35 years.

Under present law, he could expect a \$1,965 annuity at age 60.

Senator CASE. This is a single annuity to him?

Mr. BRAWLEY. That is married.

Senator NEUBERGER. \$1,965 at 60?

Mr. BRAWLEY. Yes; \$1,965 at 60. He has been in the system 35 years, and paid into the fund for that length of time.

Under S. 3041, the administration's plan, at age 60 his retirement is not increased a bit. It is still \$1,965.

However, at age 65 he would add, like it says here, and I would like to digress for a moment to ask what is the average life expectancy of a man of this age?

Mr. MYERS. At age 60 his life expectancy is about $16\frac{1}{2}$ years.

Senator NEUBERGER. To 76, you mean?

Mr. MYERS. That is correct; the normal life expectancy is 68 or 69, and it is lowered by the babies that die in birth or shortly thereafter.

Mr. BRAWLEY. But if he has reached 60, his life expectancy is about $16\frac{1}{2}$ years?

Mr. MYERS. Yes.

Mr. BRAWLEY. Does that agree with your records, Mr. Ruddock?

Mr. RUDDOCK. Our records show that the person who retires receives that retirement for close to 16 years.

Mr. BRAWLEY. So it is about 16 to $16\frac{1}{2}$ years.

Mr. SCHOTTLAND. For the woman it would be slightly more.

Mr. BRAWLEY. So under S. 3041 at age 65, Senator, his annuity will be \$2,740. It will be increased by this method—that is, his civil-service retirement will be decreased by some \$800 to \$1,164, and he begins drawing social-security retirement of \$1,576, or a total of \$2,740.

At age 65 to 76, or a total of 11 years, he receives this.

The Johnston bill will give him an increase of some \$500. That begins at age 60 through 76.

To carry that one step further, suppose the man did retire at age 65 on \$1,965, and had a wife and found that he could not live on \$1,965, and he got a job driving cab, making \$1,200 a year to supplement his income. What happens at age 65 to that man?

Mr. SCHOTTLAND. He gets his full benefits.

Mr. BRAWLEY. Suppose he is making \$1,300 in outside employment?

Mr. SCHOTTLAND. He will get his full benefit for 10 months out of the year, and he would lose 2 months. He would lose the OASI portion for 2 months.

Mr. BRAWLEY. For each what?

Mr. MYERS. For each \$80 or fraction thereof he loses 1 month's benefits.

Mr. BRAWLEY. Each \$80 in excess of the \$1,200?

Senator CASE. So put it in \$80 steps and you get the exact picture.

Mr. BRAWLEY. I see. But under the Johnston proposal, it does not make any difference. He could, presumably, go outside and get a job making \$10,000 and it would not affect his retirement annuity; is that correct?

Mr. SCHOTTLAND. That is correct.

Mr. BRAWLEY. I think that is about the main question.

Senator NEUBERGER. I want to ask one question, Mr. Chairman, and then I have to go to the floor because there are some farm amendments that we have to take up. Could this be done—this is a technical thing, and it is hard to understand it, but there is a great deal of interest among our constituents who are Government employees, retired or active—would it be possible to take certain rather standard examples of Government employees who have worked what is a general run length of time, to get what is a fairly median or average salary for Government employees, and to show just how they would fare in retirement at the present time under S. 3041, and the Johnston bill so we could look at that and discuss it with some cogency with our people?

I find that very necessary for me, and I may be unduly poorly informed, but unless something like that is presented to me, it is difficult to present that in my State. I was out in my State for $4\frac{1}{2}$

months last fall, and I found when I discussed this with Government employees, unless I could tell just what the person who makes \$5,000 a year, or \$4,800 a year, whatever it is, and pays into it 35, or 30 years, and wishes to retire at 60 or 65, and tell him just what the comparative benefits are, it is very difficult to show him what the comparative benefits are.

Mr. KERLIN. Mr. Chairman, anticipating such a question, we have some charts that show in pictorial fashion what happens to that little man under the present bill S. 3041 and under 2875.

Some are now complete. Others are in the process of preparation.

We will have those when the subcommittee gets down to seriously studying them.

Senator NEUBERGER. Will these be reproduced mimeographed, or multigraphed in some form so that we could have them in our offices, and maybe stick them in our briefcases when we go to talk to Government employees?

Mr. KERLIN. Yes.

Mr. SCHOTTLAND. I think we have our own charts that we presented already, but we would be glad to revise them and give 8 or 9 typical examples.

Senator NEUBERGER. You will do it, Mr. Schottland, under both bills?

Mr. SCHOTTLAND. The three bills.

Senator NEUBERGER. The comparison would present, then, S. 3041 and S. 2875, and the present bill?

Senator CASE. This would carry out what, as I was going to suggest, we might have done with this last example that Mr. Brawley raised, the benefits to the individual and to survivors; for example, the restrictions of a 35-year minimum of his employment, and what his survivors would get if he should die before her and any children.

I think it is most desirable, and I heartily second Senator Neuberger's suggestion here. We may come to an impasse. We may not be able to reach an agreement finally, but there should be no question among us when we get down to looking at this thing and explaining it to our colleagues, and our constituents when we come to talk about it.

Senator NEUBERGER. That is right. I find I am so often lacking, because I cannot go any further in discussing the question because I do not have these facts in front of me.

Senator CASE. Mr. Chairman, may I say I have requested certain figures prepared for alternative proposals, possibly, and I would like to have the opportunity to place them in the record subject to the right of anybody, of course, to come and to clarify it.

I think, if I may make one further comment here, that we should have an understanding that charts prepared by the staff should be open to comment by the agencies and others, so that we will have their views as far as possible.

Mr. KERLIN. May I say that these charts were discussed with the Civil Service Commission, Mr. Wright, and we impinged on the generosity of the Social Security art section in the actual drawing of the charts.

Senator CASE. I did not have in mind that there will be any effort to mislead or gather factual information which would not be accurate, but still, even granting that and assuming it, comment on it might be

useful as to its representative character and so forth. I think we should be permitted to have the benefit of all such comment.

Mr. BRAWLEY. I think with that in mind that it might be well for all interested parties to get the charts in to the committee at the earliest possible moment, so that when we print the hearing report those charts can be printed right in.

Between that time and the time that the committee gets together to consider it, all those charts will be available.

Senator CASE. Just one further comment on that. I think, for the purpose of the record, we should be liberal in the admission of anything of this sort, but that for the purpose of our report we will want to have the things completely analyzed, criticized, and dissected, and put back together, so that what we present to the Senate and what we present to the public will not be confusing, as undoubtedly much of the mass of information in the record will be.

Mr. KERLIN. I have a question, if I might, Mr. Chairman.

Senator SCOTT. Yes, Mr. Kerlin.

Mr. KERLIN. I think, for the benefit of the members of Congress, we should have some comment on a different bill, which would extend the coordination to members of Congress, or to employees of the legislative branch, recognizing generally that the administration does not on pay matters comment upon what you do on the Hill; but I think the record would be a little bit amiss if it did not include at least your feelings, if it is good, for the employees of the Government, is it good for members of the Congress and their employees?

Mr. SCHOTTLAND. Our general feeling is that members of Congress and their employees are also members of the human race, and therefore, they ought to be included under these provisions.

We not only would have no objection to it, but we feel that that inclusion should be made.

Senator CASE. I am not sure that we ought to include that in this matter.

I do not know the etiquette about these matters, but whether we should attempt to go, for instance, into the same kind of analysis and so forth here—I have not any opinion on it at the moment, but I think we might run into criticism—perhaps legitimate criticism—from those to whom this has been a matter of continuing interest and responsibility.

Mr. BRAWLEY. Of course, this committee does have jurisdiction over legislative employees and members of Congress with respect to retirement and pay.

Mr. DAVID. I wanted to say, if I could, just as a matter of stating, that a generalization of the point that Senator Neuberger was interested in, of the comparison of these two proposals, the comparison that seems to be called for when you look at these figures and see that under the proposal in S. 3041, the great majority of employees as shown in these figures came in in retirement benefits, whereas the cost of the system in S. 3041 is slightly above the cost of the present system, I think that the generalization that is involved in the explanation of that fact is that under social security—and this is a great oversimplification—the general purpose of the Congress has been to use the money that is available for benefits in the places where it is most needed, or where there is the greatest need for it.

For example, here is a man aged 65, and he is still working in a job that pays him something like his previous salary. He is still working, but his social security does not pay him anything.

Here is another man who has retired, past 65—and this is one example that there are others like it—he has lost his earnings. He does not have any earned income any more. He gets his benefits, and he gets a larger amount than it would be possible for the system to pay him if it paid everybody, whether they were working or not. That is one example.

The other example, as Mr. Schottland mentioned, and I am just trying to fit these into the generalization, is that under the social-security system, where a man dies, and he has no survivors, only a lump sum is paid instead of a large return to his estate.

Senator NEUBERGER. You will analyze this in your study, will you not? We can just look at that and see that. I imagine there are some places in each one where you have to give and take.

It is not all one-sided. I realize that. If we could just look at that and see for the classes of employees shown as to longevity and salary in the most typical employment, because I think the greatest good for the greatest number has to apply in any such program.

Mr. SCHOTTLAND. We would also like to include in there some figures as to the large number of employees who do not become career employees. In other words, the in-and-outers of the system, whose rights are very seriously jeopardized with reference to their OASI coverage when they go back into private industry; therefore, they make a very great sacrifice when they come into Government.

Senator NEUBERGER. Will you excuse me, Mr. Chairman? Farmers have neither social security nor retirement benefits. I must go to the floor.

Senator SCOTT. If there is nothing further, the meeting is adjourned.

(Thereupon, at 11 a. m., the committee was adjourned, subject to the call of the chair.)

APPENDIX

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C. February 9, 1956.

Mr. H. W. BRAWLEY,
*Executive Director, Committee on Post Office and Civil Service,
United States Senate, Washington, D. C.*

DEAR MR. BRAWLEY: I was delighted to have conveyed to me your telephone conversation in which you reported that omission from S. 2875 of the provisions relative to Alaska Railroad employees was an oversight and they would be inserted in the bill. That is wonderful news.

In accordance with your suggestion, I am sending a short statement—it is attached—for inclusion in the record.

With very best wishes, I am,
Sincerely yours,

E. L. BARTLETT.

STATEMENT BY DELEGATE E. L. BARTLETT, OF ALASKA

I am most hopeful that the provisions of Public Law 180, 81st Congress, having especial reference to officials and employees of the Alaska Railroad and the Panama Canal Railroad Company, may be incorporated in S. 2875.

Public Law 180 covered these officers and employees into the Civil Service Retirement Act with special provisions applied because of the unusual circumstances of employment both on the Alaska Railroad and in the Panama Canal Zone. I am particularly interested in the requirement that an employee reaching the age of 62 years after completing 15 years of service shall be automatically retired. It is my understanding that the employees of the Alaska Railroad are desirous that this mandatory retirement provision be carried forward in S. 2875. I am mindful of the fact that Chairman Johnston was the author of S. 1359 of the 81st Congress which became Public Law 180. The law has worked very well in Alaska and I believe there is every good reason why it should be continued and none at all why it should be repealed.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 10, 1956.

SENATE POST OFFICE AND CIVIL SERVICE COMMITTEE.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: Retired Government employees face a continued squeeze by the increased cost of living. Our 35 years of experience with the Federal retirement system proves that a system paid for by joint contributions by the worker and the Government can reasonably be expected to provide an annuity sufficient to maintain retired employees at a reasonable standard of living. However, in view of the continued upward trend of living costs it is necessary to revise our retirement program upward in line with these costs.

Senator Johnston's bill, S. 2875, appears to be the most logical plan for such a revision which not only takes care of past increases in living costs but provides at least to some extent for the expected increase which we now face. We must recognize the problems faced by these public servants who gave the best years of their lives in public service at a wage scale which with retirement deductions at 6 percent does not normally allow the worker to set aside substantial savings to provide for his later years. It is at least a moral obligation of this Government to keep the Federal employees retirement system in line with the developments in our national economy.

We cannot afford to ignore and neglect our faithful and loyal Government workers by refusing to provide a more liberal retirement system. Increased cost of living has made it necessary that we act immediately in increasing the retirement program benefits. I have received many letters from our faithful and loyal postal workers and postmasters setting forth the need for an improvement in the present retirement act. I feel that Senator Johnston's bill or similar legislation should be enacted by the Congress at the earliest possible date in order to fulfill the obligation we owe to these deserving governmental employees. This legislation is now long overdue.

Respectfully submitted,

CARL D. PERKINS,
Member of Congress.

STATEMENT BY MARVIN J. TAYLOR, PRESIDENT OF CHAPTER NO. 72, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES, OF CHARLESTON, S. C.

To our distinguished friend, members of the subcommittee of the Senate Committee on Post Office and Civil Service, I bring hearty greetings from about 100 members of our chapter No. 72, NARCE, at Charleston, S. C.; and, if I could have had time to reach easily 100 more retirees in our vicinity, not yet members, I would be able to bring their greetings also, but coupled with the statement that the fact they are not also members, is due to the meager annuities they are receiving, far inadequate for the support of themselves and their families, many of them now in bad physical condition.

In expressing our opposition to the Carlson bill, S. 3041, which seeks in certain respects to coordinate our Civil Service Retirement Act with the act governing social security, I would quickly switch over to the bill of our distinguished chairman of the Senate Post Office and Civil Service, the Honorable Olin D. Johnston, of South Carolina, and say that our National Association of Retired Civil Employees has prepared and submitted to this distinguished subcommittee a brief setting forth in some detail the reasons for favoring the bill S. 2875, but we would like also to endorse the following three amendments Senator Johnston is proposing to his said bill, namely:

"(a) The annuity of any employee who, before the date of enactment of this Act, was retired and is receiving or entitled to receive an annuity from the fund, shall be increased, effective on the first day of the second month following enactment of the Act, by \$100 plus \$10 for each two full months elapsed between the commencing date of annuity and the date of enactment of this Act; *Provided*, That such increase in annuity shall not in any case exceed \$300.

"(b) The annuity of any survivor, except children covered in the next paragraph (c), who, on the date of enactment of this Act is receiving or is entitled to receive an annuity based on the service of a former employee, shall be increased, effective on the first day of the second month following the date of enactment of this Act, by \$80.

"(c) The annuity of any child who, on the date of enactment of this Act, is receiving or is entitled to receive an annuity based on the service of his parent shall be increased by \$50, effective on the first day of the second month following the date of enactment of this Act; *Provided*, That the annuity of each such child shall not at any time exceed \$1,200 divided by the number of children then receiving annuity."

If I may, I would like to cite some 2 or 3 cases of retirees here whose condition is a pitiful plight; no doubt, because their annuities are very inadequate to meet bills for necessary and proper food, and for needed medical treatment:

1. There is one, a chief clerk in one of the then Government activities in this city, who was retired, he stated to me, between the date an amendment was signed by the President (February 28, 1948), and April 1, 1948, date of such amendment being made effective. He had had service, if all of same could have by such amendment been made available or credited, brought him an additional \$75 a month. Since retirement, he has been suffering from arthritis, if I mistake not, and he stated that his vertebrae are being ossified.

2. A man employed for several years—exact number I do not recall—and retired a few years back, who stated his annuity was but \$77 a month, and yet he has a wife and himself to support. He had a rather responsible position, and was highly respected by his fellows. He stated he had insufficient income to justify his becoming a member of our association.

3. A maiden lady, who held a good clerical position in the Navy yard here, and was retired several years ago, exact number I do not know; but who had a married sister, estranged from her husband, to support much of the time, as she was not qualified for any work that would bring her a half decent salary; and the retired sister stated she could barely get by with her necessary expenses, including a small insurance on her own life.

We could go on and find, no doubt, many more cases just as worthy, where insufficient annuities were received, and often proper medical treatment and proper food were not possible.

Our Chapter 72 members most earnestly urge that Senator Johnston's bill, S. 2875, with the three amendments he is proposing, be approved, and enacted at this session of Congress, at an early date.

WASHINGTON, D. C., *February 14, 1956.*

Re S. 2875.

Mr. H. W. BRAWLEY,

*Chief Clerk and Counsel, Post Office and Civil Service Commission,
United States, Senate, Washington, D. C.*

DEAR MR. BRAWLEY: I enclose a copy of my statement prepared in behalf of the United States Citizens Association of the Canal Zone. Please extend my remarks in the record on S. 2875.

Respectfully yours,

LAVERN R. DILWEG.

STATEMENT OF LAVERN R. DILWEG, REPRESENTING UNITED STATES CITIZENS
ASSOCIATION, CANAL ZONE

Honorable Chairman and members of the Special Subcommittee on Retirement of Post Office and Civil Service, United States Senate, my name is LaVern R. Dilweg, former Member of Congress from Green Bay, Wis., and practicing attorney in Washington, D. C. The United States Citizens Association members are composed of United States citizens residing in the Canal Zone and I am acting as their counsel and Washington representative.

Before expressing the views of our membership on S. 2875, which is sponsored by the senior Senator from South Carolina, Olin D. Johnston, we deem it advisable to furnish the following factual information which is essential to understanding the Canal Zone personnel situation.

The highly diversified activities of the Panama Canal Company and Canal Zone Government include scores of different functions, and almost every employment category is found in the organization. For executive, supervisory, professional, subprofessional, and clerical positions requiring special education, training, or other high qualifications the rates of pay are referred to as United States rate position and are based on equivalent closely similar rates prevailing in the Federal service in the United States plus a 25-percent differential for citizens of the United States employed in such positions. Positions occupied by semiskilled workers, helpers, laborers, and many other positions, not requiring the services of highly skilled workers or special training or other qualifications, are referred to as local-rate positions and rates of pay are based generally upon local prevailing rates. On January 1955 the Company/Government employed 14,786 persons, 71 percent or 10,482 local-rate employees, 13 percent or 1,849 United States rate classified employees; 13 percent or 1,849 United States rate Wage Board and administrative employees; and 3 percent or 502 United States rate employees in the United States.

The significant differences between the United States citizens retirement benefits in the Canal Zone and in the United States are that the 25-percent Canal Zone salary differential is included in "base pay" and the average annuity therefore tends to be higher, and that the compulsory retirement age is 62 instead of the usual 70 and the number of years credit for computing the annuity therefore, may be less. Civilian employees on the Canal Zone in most instances are career-service employees and are not rotated between the United States. Reduction in force and the company's replacement program poses serious problems for the United States citizen employees since they do not have reassigned rights and displaced career employee rights due to the lack of competitive status.

We wish to go on record as approving in principle the benefits embodied in S. 2875, known as the Johnston retirement bill, but we must call the committee's attention to certain features of the bill with which we do not agree:

1. Section 1 (d) of the bill provides that the term "basic salary" shall not include bonuses, allowances, overtime pay, or compensation given in addition to the base pay of the position as fixed by law or regulation. Unless amended this provision would penalize the Canal Zone employee. In fairness to these employees we recommend that the term "basic salary" include the 25-percent tropical differential and all gross salary now included in determining retirement benefits for Canal Zone employees.

2. Section 5 of S. 2875 be amended so that the automatic separation provisions of this section would apply to the Canal Zone employee upon his attaining the age of 62 years and completing 15 years of service on the Isthmus of Panama.

The real income of the employees in the Canal Zone has been reduced too drastically in the past few years when one considers the change in income-tax liability, reduction in leave, rent increases, commissary prices, increased cost of medical care, and so forth.

This has created an atmosphere of uneasiness which has been enhanced by the Company/Government long-range entrenchment and replacement program together with involuntary separation from canal service due to implementation of the United States-Panama Treaty.

The United States Citizens Association has drafted a proposed bill and analysis to cope with the situation. I am at present working out the details of this proposed legislation with the legislative counsel of the House. We are trying to prepare a workable bill in proper form and at this time the technical details are not completed. I respectfully request that a copy of the proposed bill and analysis be included with my remarks.

I wish to thank you, Mr. Chairman and members of the committee, for the opportunity of presenting the views of the United States Citizens Association on S. 2875.

A BILL

To provide retirement annuities under the provisions of the Civil Service Retirement Act, and granting supplementary assistance provisions to certain United States citizen employees of the Panama Canal Company/Canal Zone Government, in the Canal Zone, due to the unusual circumstances pertaining to their involuntary separation from the services of the said Company/Government; in recognition of the prevailing regulations applicable only to this category of Federal employees, which prohibits transfer for reemployment or replacement security in other governmental agencies in the United States and elsewhere; the distance from the United States mainland, and in general the unique classification of these employees.

A. To provide a liberalized retirement plan, to permit United States citizen employees who meet the Federal service requirements of twenty years or more, to retire at full annuity.

B. To provide a severance and/or relocation allowance for other United States citizen employees with ten years or more but less than twenty years of Federal service; said allowance to be based upon the amount earned during the best five years of service and shall be payable in a lump sum upon involuntary separation from canal service; such allowance to be provided only upon conditions that are the result of certain involuntary terminating actions as enumerated and specified in subsequent portions of this bill, in order to conform with directives based on national policy.

Or, upon option, said employees falling in this category under section B may elect to retire under the provisions of section A requiring twenty years or more of Federal service, except, that in such election to retire, the prevailing United States Civil Service Retirement provisions of reduced annuities will become applicable for each year under the required twenty years of Federal service.

C. To provide, in addition, a severance and/or relocation allowance for those United States citizen employees with ten years or less of Federal service; said allowance to be based upon the amount of salary earned during the best five years of service and shall be payable in a lump sum upon involuntary separation from canal service. This allowance is provided only upon such conditions as would pertain to, or become the result of certain terminating actions specified in subsequent portions of this bill, in order to conform with directives based on national policy.

Sections A, B, and C are being provided solely for the purpose of assisting said employees in case of and during:

1. A transition period of economic retrenchment;
2. Involuntary separation from canal service as a result of the ratification and implementation of the United States-Panama Treaty and Memorandum of Understandings Reached in 1955 (or any other United States-Panama Treaty);
3. As a result of the consolidation in whole or in part, withdrawal from, or abandonment of Panama Canal Company or Canal Zone Government operations due to the withdrawal of the United States from certain manufacturing, sales and service activities within the Canal Zone, especially the following:

UNITED STATES-PANAMA TREATY

ARTICLE IV. Release and control of health and sanitation activities of the Panama Canal agencies in the cities of Panama and Colon, including water, sewerage, drainage, plumbing inspection, garbage collection and disposal, and street cleaning.

ARTICLE V. Transfer of lands, with improvements thereon, no longer needed for United States Government purposes:

1. Panama Railroad yard and station in Panama City;
2. Colon Railroad station and freight house, in Colon;
3. Colon Hospital facilities;
4. Hotel Washington and equipment, in Colon.

ARTICLE X. Abandonment of Panama Railroad and facilities.

ARTICLE XII. Withdrawal of privileges of making purchases in the commissaries and other sales stores in the zone from all those persons now authorized to make purchases who do not reside in the zone and who are not United States citizens.

MEMORANDUM OF UNDERSTANDINGS REACHED

ITEM 1. (a) All positions will have a basic wage level without regard to United States or Panamanian citizenship,

(c) Positions will be evaluated, classified, and titled without regard to the nationality of the incumbent or prospective incumbent.

(d) Panamanian citizens will be afforded opportunity to participate in such training programs as may be conducted for employees by United States agencies in the Canal Zone.

ITEM 4. Withdrawal from sale to ships of goods imported into Canal Zone by United States Government, except as set forth in sections (a), (b), and (c) thereof.

ITEM 5. Construction of a bridge over the canal, at Balboa.

ITEM 9. Termination of manufacturing and processing of goods for sale to or consumption by individuals (under certain terms and conditions therein enumerated).

ITEM 10. Withdrawal from handling of commercial cargo for transshipment on Canal Zone piers.

4. As a result of placing into effect any long-range program of replacement of United States citizen employees with aliens, due to the retrenchment and economic program contemplated by said Panama Canal Company/Canal Zone Government, based on and in accordance with national policy.

And, to provide further, that in the event of certain United States wage-level positions being reclassified and regarded as locality rate positions, the United States citizen incumbents occupying such positions will be accorded the privilege of electing to accept any of the provisions of this bill for which they are eligible.

To provide further, that the necessary moneys to place this bill into effect shall be paid from nonreimbursable appropriated funds which shall be treated as extraordinary expenditures based on national policy.

ANALYSIS RELATING TO INVOLUNTARY SEPARATION FROM CANAL SERVICE DUE TO IMPLEMENTATION OF THE UNITED STATES-PANAMA TREATY AND LONG-RANGE RETRENCHMENT AND REPLACEMENT PROGRAM CONTEMPLATED

TREATY

Article IV. Release and control of health and sanitation activities in Panama

This action abolished United States rate positions in the water supply, sewerage, drainage, plumbing inspection, garbage collection and disposal, and street cleaning units. Implementation of this article has been accomplished, and although United States citizen personnel effected have been absorbed into other positions in other divisions and units, wholly or in part, there is still a possibility of their involuntary separation from the canal service as a result of future changes in personnel when additional activities will become effected.

Article V. Transfer of certain lands, with improvements thereon, no longer needed for United States Government purposes

Withdrawal of items 1 and 2, Panama City and Colon Railroad yards, stations and freight houses will result in a partial loss of United States rate positions to citizens: item 3, Transfer of Colon Hospital facilities to the Republic of Panama has been accomplished and although the United States rate personnel has been absorbed, at least partially, into the two remaining hospitals in the zone, there is a possibility that such personnel will again be effected or disturbed when any future reduction is made due to retrenchment and replacement; item 4, Transfer of Hotel Washington and equipment will result in a total loss of positions to United States citizens employed with little, if any, possibility of absorption since only one hotel facility will remain in the zone.

Article X. Abandonment of Panama Railroad and facilities

This action will result in the total loss of jobs being performed by United States citizens, inasmuch as no other railroad exists in this locality whereby such personnel may be employed in their special crafts.

Article XII. Withdrawal of privilege of making purchases in commissaries and other sales stores in the zone from all those persons now authorized to make purchases who do not reside in the zone and who are not United States citizens

The implementation of the terms of this article will render excess certain Canal Zone facilities and will result in total loss of certain types of United States rate positions. Excess activities to be eliminated include local-rate (alien) service centers, commissaries, theaters, gasoline service stations, and one United States rate commissary in Ancon, a United States rate community;

It is not reasonable to assume that all United States rate personnel affected in this action will be absorbed into the remaining activities of a similar category, inasmuch as there will be no additional patronage of Company/Government activities.

MEMORANDUM

Item 1

- (a) One basic wage level without regard to citizenship;
- (c) Evaluation, classification, and titling of positions without regard to nationality or incumbent or prospective incumbent;
- (d) Affording opportunity to Panamanian citizens to participate in training programs offered in the zone;

It is believed that when these policies are placed into effect that a general downgrading in pay will result for the United States citizen incumbents; that a direct replacement of United States citizens with aliens will result after training said aliens, and in order to conform with the contemplated economic retrenchment and replacement program of the Company/Government. Some truck drivers, business machine operators, etc., have already been affected by the partial implementation of this policy.

Item 4. Withdrawal from sale to ships of goods imported into Canal Zone by United States Government

This action will result in a direct loss of jobs to United States citizens in the Company/Government storehouses, service plants, service centers, etc.;

Item 5. Construction of bridge over canal at Balboa

To comply with this provision will terminate the Thatcher ferry service now in operation at the Pacific terminus of the canal and will result in a total loss of jobs to United States citizens employed;

Item 9. Termination of manufacturing and processing of goods for sale to or consumption by individuals (under certain terms and conditions)

Elimination of any Company/Government activities under this item will result in a direct loss of jobs to United States citizens employed in bakeries, ice cream and dairy plants, laboratories, bottling plants, printing plants, laundries and repair shops. It is not believed possible that absorption of these employees into other activities will result in view of the implementation of other concessions agreed upon.

Item 10. Withdrawal from handling cargo for transshipment on Canal Zone piers

Cessation of this activity will result in a direct loss of jobs to United States citizens employed in any facilities relating to the docks and piers maintained by the Panama Canal Company. There will be no need for a receiving and forwarding agency nor storage warehouse facilities for cargo.

In analyzing sections A, B, and C of the proposed bill, it will be necessary to consider a plan which will eliminate as nearly as possible the questions of controversy which may arise when placing the provisions of the bill into effect. These include:

1. A decision relative to the types of positions effected by the changes herein anticipated and enumerated;
2. A decision as to whether or not such involuntary separation for service is a result of any of the anticipated actions specified;
3. A decision relating to the date such provisions are to become effective and to what extending period they will remain in effect; whether from the first date of implementation of any of the causes specified until the last provisions have been accomplished;
4. A decision relating to the amount of the lump-sum payment of assistance allowance to nonretiring employees based upon the best 5 years of Federal service. Perhaps such factors as age, number of dependents, expenses incidental to a major relocation of a family, lost working and earning time, should be borne in mind when consideration is given to this provision.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,
Washington, D. C., February 17, 1956.

Mr. H. W. BRAWLEY,

*Executive Director, Senate Post Office and Civil Service Committee,
Senate Office Building, Washington 25, D. C.*

DEAR MR. BRAWLEY: During the exchange of information at the close of my statement on S. 2875, a bill to revise the Civil Service Retirement Act, before the Retirement Subcommittee of the Senate Post Office and Civil Service Committee on February 9, 1956, Senator Clifford P. Case asked that I furnish the views of our organization on what would constitute "soundness" of the retirement fund.

Our organization believes that the normal cost-plus-interest method is one which provides a reasonably sound basis. This principle, of course, requires the Government to appropriate sufficient funds to cover current retirement obligations, as well as interest on past service liability.

Further, as a means to insure current contributions and properly account for personnel costs in the year in which they occur, the employing department or agency should be required to pay the Government's computed share directly to the retirement fund. Departments and agencies should have ample notice of any change in law in this area, so that moneys could be included in budget estimates and finally in appropriation acts.

A question also was raised by Senator Richard L. Neuberger with respect to the percentage deduction employees would be willing to pay for the increased benefits set forth in S. 2875. When the committee decides on the language of the bill it will report, an estimate should be made as to the median cost of the increased benefits and the percentage of proper employee and Government contribution could then be decided upon. As to whether it should be 7 percent,

7¼ percent, 7½ percent, 7¾ percent, or 8 percent, that is a matter of conjecture until the estimate is made.

The soundness of the fund and the percentage of employee-Government contribution are inseparable factors.

If the committee desires additional information, we shall be happy to furnish it upon request.

Sincerely yours,

MICHAEL E. MARKWOOD, *President.*

NATIONAL ALLIANCE OF POSTAL EMPLOYEES,
Washington, D. C., March 23, 1956.

Senator WILLIAM KERR SCOTT,
*Chairman, Senate Post Office and Civil Service Subcommittee,
Senate Office Building, Washington 25, D. C.*

DEAR SIR: Enclosed is a statement of the National Alliance of Postal Employees in regard to the current hearings on retirement for Federal employees. We would be most appreciative if it could be included in the record.

Very truly yours,

JAMES B. COBB,
President, National Alliance of Postal Employees.

STATEMENT OF JAMES B. COBB, PRESIDENT, NATIONAL ALLIANCE OF POSTAL EMPLOYEES

Mr. Chairman and members of the committee, my name is James B. Cobb. I am president of the National Alliance of Postal Employees. Our national office is at 1644 11th Street NW., Washington, D. C. This organization, composed of employees in each classification of the field services of the Post Office Department, consists of approximately 20,000 members organized into 110 branches throughout 36 States.

We wish to thank the members of this committee and staff officers for the opportunity to express the views of the members of our organization in this statement on the pending retirement legislation.

In the context of this retirement bill is an apparent problem that penetrates into the home of every worker from the lowliest to the executive—What of the future? How will I prepare for the later years?

In addressing yourselves anew to this problem, you accept a responsibility of fundamental social necessity and a responsibility of growing economic importance.

But you are mindful of the efficient operation of Government as a current function. In addressing attention to this question and its relationship to this bill, S. 2875, stress must rest upon the attraction and the retention of quality workers to carry out the vital functions of this service. This means that the best interests of the taxpayers, including you and me, rest upon the kind of formula which you gentlemen conceive and act upon to surround our jobs with the importance and the incentives conducive of tenure and pride.

We think that you have wisely written into this bill the safeguards and restraints, compatible with the long-range function of our system of government. This bill bargains with the new employee for his stability in preference to yielding to more lucrative opportunities of a short-range nature. The initial investment in training costs must be balanced with the sound prospect of fair return. In our own area of operation the peak skill of distribution only follows the acquisition of experience and training. That is not without costs.

A soundly conceived retirement program makes a strong contribution to a continued flow of quality workers, acts as a deterrent to job-hopping and reduces the cost of turnover of personnel.

Furthermore, the worker now functioning at his post must know that his future will not be handicapped by a detached and expedient approach to the retirement question. Your concern with his ability to adjust to the increased pace of operation, the mechanizing of our processes and the innovation of electronic devices can only be buttressed by your willingness to treat with his retirement formula as a personal and human aspiration.

These are the keen-minded and alert men who have helped bridge the years of increasing workloads and staggering responsibilities to a multiplying population. Their aid in shaping the careers of the younger employees is necessary.

The flexibility of these younger men and their adaptability to potential change requires the guidance of those steeped in the service traditions. To this, I add that the regard which attends the retirement program is an important phase of the impression passed on.

In the course of these hearings, other proposed legislation has been discussed. Without a desire to be presumptuous and to overburden this committee with what may be irrelevant, I wish to add the opposition of our organization to the proposal to tie us into the social security system. Any solution to the problem now under consideration by such a move would be highly improbable, would be contrary to the tenure principle and would be frustrating to the career employee, who must, as the low man on the totem pole, bear the burden of costly and inefficient propositions.

The record before you is complete with data on the merits of the retirement system. We are highly skeptical of the social security programs as an attraction to the retirement system. It relates us to the industrial community in the narrow area of fringe benefits which are continually under negotiations. We have no comparable mutuality of procedures by which we can achieve the goals of industrial workers. Furthermore, as we treat with you now in an area confined to Government workers, we maintain some hope that our observations will be taken into account.

Under the social security program, any committee again considering this problem will have before it the entire covered work force and, in addition, the powerful voices of the industrial managers. In such an area of activity the strength of our operation would be reduced in direct proportion to the power of any resourceful opposition to more adequate annuities.

The science of geriatrics applies strangely here. The growing impact on our economic and social patterns are not too remote. Populationwise, we as a Nation are growing older. I am informed that by 1980 two-fifths of all Americans will be 45 or over. In 1850 only 2.5 percent of the population was 65 or over. By 1930, 5.4 percent were 65 or over. Indeed, according to the Metropolitan Life Insurance Co., those in the above-mentioned age bracket are beginning to outnumber our preschool children.

In citing these facts, I wish to focus attention on some of the problems which suggest attention to S. 2875. Section 7, paragraph (d), line 25 to line 4 on the succeeding page should not apply as a matter of precedent. The language here used would be detrimental to employees who seek occupations compatible with their disabilities. Widespread application of this section furthermore would become a barrier to the creative rehabilitation of the older worker.

Section 1, paragraph (d), line 24 should be qualified to include longevity grades as applicable to retirement computation. I recommend the optional choice of retirement at 30 years service with full annuity, instead of the required age of 65. The loss of full income would be a sufficient deterrent to widespread application of this provision. Section 9, paragraph (a), line 16 should be revised (75 percent) to 80 percent. Line 13 of the same section should be revised from 2 percent to 2½ percent as applies to members of this august body. Section 9, paragraph (g), line 25 should be revised to lessen the 10 percent deduction for survivorship purpose as too severe a reduction.

With these recommendations, I believe the adequacy of this bill becomes more realistic. Retirement of older workers is facilitated on the one end and the attraction of younger workers is assured on the other. In support of this legislation, I urge consideration of pensions in keeping with the scope of our future. The quickened pace of our economic tempo makes the retention of older workers beyond their peak of efficiency costly. Indeed, retention beyond such peak is in essence a maintenance of an informal pension plan with the possibility of exposing that employee to physical harm or deterioration. For these reasons the retirement plan must be attractive to both factors. I think the return on this investment will be a less costly production accompanied by an increased purchasing power of the annuitant.

This, in itself, is worthy of note in that retirement incomes represent an important part of the spending cycle. Our aging work force will demand consumption products geared to their needs. We, and I feel that you share the view, desire to be human beings of consuming power above and beyond the relief level. And, may I add, that political realism will dictate prudent attention to this growing and expanding age group. I need only to refer you to the experience of some of our States with advocates of various age plans. On the other hand, with the demands of education upon our youth requiring longer school periods and the rapid growth of automation production, I feel strongly

that the work force will remain in balance and preclude any widespread advantage seeking which would jeopardize the soundness of the system. Therefore, our sense of social responsibility, compounded by realistic economic judgment, requires us to look meaningfully at the miracle of our growth. This applies to the present and the future. In so doing, we can logically project the standards by which our annuitants must live.

Mr. Chairman and members of this committee, I have attempted to impress you with the necessary questions arising from the needs of the service and the employees. In the main, they are concisely the need for sufficient inducement to come into the service and stay, the facilities of retirement by employees beyond their peak of efficiency, and the support of adequate annuity not only to the annuitant, but to the total economy.

Although it is not possible to wrap up their hopes and aspirations in a neat little package for presentation, we can appreciate their transition to another stage in their lives. I commend to you our mutual desire that the richness of their lives will not diminish. Through testimonials and congratulatory messages on occasion we tell these people of our gratefulness for their contributions and extend to them our best wishes. Today, gentlemen, I request that these expressions be inscribed deeply into this law.

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LEGISLATIVE HISTORY

Public Law 854
H. R. 7619

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INDEX AND SUMMARY OF H. R. 7619

Hearing: S. 2875, Senate P.O. and Civil Service Committee

July 25, 1955 S. 2628 introduced by Sen. Johnston. Referred to Senate Post Office and Civil Service Committee. Print of bill.

July 26, 1955 H. R. 7619 introduced by Rep. Murray, Tenn. Referred to House Post Office and Civil Service Committee. Print of bill.

July 27, 1955 House committee reported without amendment H.R. 7619. House Report No. 1474. Print of bill and report.

July 28, 1955 Senate committee ordered reported with amendment S. 2628. Digest of H.R. 7619 as reported.

July 29, 1955 Senate committee reported with amendments S. 2628. Senate Report No. 1257. Print of bill and report.

July 30, 1955 House passed without amendment H. R. 7619. Senate passed over S. 2628 at the request of Sen. Bible.

Aug. 1, 1955 Digest of S. 2628 as reported by the Senate committee.

Aug. 2, 1955 H. R. 7619 placed on Senate calendar. Print of bill as passed by House and referred to Senate. Sens. Morse, Humphrey and Russell opposed consideration of bill prior to adjournment.

Jan. 5, 1956 H. R. 7619 and S. 2628 rereferred to Senate Post Office and Civil Service Committee. Print of H.R. 7619 as re-referred.

Jan. 9, 1956 S. 2875 introduced by Sen. Johnston. Referred to Senate Post Office and Civil Service Committee. Print of bill.

Mar. 20, 1956 Rep. Withrow inserted an analysis of S. 2875.

April 12, 1956 Senate committee ordered S. 2875 reported with amendments.

April 18, 1956 Senate committee reported with amendment S. 2875. Senate Report No. 1787. Print of bill and report.

May 21, 1956 Senate began debate on S. 2875.

May 22, 1956 Senate continued debate on S. 2875.

May 23, 1956 Senate passed with amendments S. 2875.

May 24, 1956 S. 2875 referred to House Post Office and Civil Service Committee. Print of bill as passed by Senate.

July 18, 1956 Senate committee reported with amendment H. R. 7619. Senate Report No. 2642. Print of bill and report. House committee ordered reported S. 2875.

INDEX AND SUMMARY OF H. R. 7619

July 19, 1956	Senate began debate on H.R. 7619.
July 20, 1956	Senate passed H. R. 7619 with amendments. Senate conferees appointed.
July 21, 1956	House conferees appointed on H. R. 7619. House committee reported with amendment S. 2875. House Report No. 2854. Print of bill and report.
July 23, 1956	Conferees met in executive session.
July 25, 1956	Conferees agreed to file report.
July 26, 1956	Both Houses received and agreed to the conference report. House Report No. 2935. Print of report.
July 27, 1956	Both Houses agreed to concurrent resolution to correct certain clerical errors in H. R. 7619.
July 31, 1956	Approved: Public Law 854, 84th Cong.

(Copies of all printed amendments received are included in this history).

Public Law 850 (H. J. Res. 317) NATIONAL FARM-CITY WEEK (approved July 30, 1956). Designates the week of November 16 to 22, 1956, as National Farm-City Week. Requests the President to issue a proclamation calling upon this Department and other farm groups to plan programs for appropriate observance of that week.

Public Law 852 (S. 3768) APPOINTMENT OF HEALTH, EDUCATION, AND WELFARE DEPARTMENT GENERAL COUNSEL (approved July 31, 1956). Amends section 158 of the Revised Statutes of the U. S. to include the Department of Health, Education, and Welfare, so as to give it full statutory parity with other executive departments. Provides for Presidential appointment of the General Counsel of that Department.

Public Law 853 (H. R. 12130) MUTUAL SECURITY APPROPRIATION ACT, 1957 (approved July 31, 1956). Provides \$250,000,000 for development assistance; \$135,000,000 for technical cooperation; \$15,500,000 for U. N. technical assistance program, but limits the 1957 U. S. contribution to 33.33 per cent of the U. N. program; \$2,500,000 for payments of ocean freight charges on U. S. voluntary relief agencies' shipments; 50,000,000 for defense support for Spain, provided that not less than \$18,500,000 of the amount shall be used for agricultural commodities.

Public Law 854 (H. R. 7619) FEDERAL EXECUTIVE PAY ACT OF 1956, AND AMENDMENTS TO CIVIL SERVICE RETIREMENT ACT (approved July 31, 1956). Raises the annual rates of compensation of the Secretary, Under Secretary, Assistant Secretaries, and other designated officials of USDA and other Departments. Raises the annual rate of compensation for grade GS-18 from \$14,800 to \$16,000; and restores a fifth step to grade GS-17 of \$14,835. Raises the limitation on the annual rates which may be paid for foot-and-mouth disease experts from \$15,000 to \$19,000 (5 positions). Provides that the General Counsel of this Department shall be a Presidential appointee. Provides that the positions of each of the Deputy Administrators of ARS shall be grade GS-18. Increases the total number of government super-grades from 1200 to 1226. Authorizes an increase in the number of professional and scientific positions under Public Law 313, 80th Congress; and the rates that may be paid thereunder from \$10,000-\$15,000 to \$12,500-\$19,000 (applicable to Defense Dept. and NACA only). Provides that the changes in rates of compensation shall become effective retroactive to the 1st pay period after June 30, 1956.

Amends the Civil Service Retirement Act of May 29, 1930, as amended, to provide as follows for those employees in service on or after October 1, 1956:

Salary	6 $\frac{1}{2}$ % of basic salary, effective first pay period
Deductions	beginning after September 30, 1956.

Agency payments to retirement fund	Each agency will pay into the retirement fund an amount equal to the 6 $\frac{1}{2}$ % deductions of its employees.
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General formula for computing annuity	First 5 years of service - 1 $\frac{1}{2}$ % of average salary (or 1% plus \$25) times years not exceeding 5. Next 5 years of service - 1 3/4% of average salary (or 1% plus \$25) times years of service between 5 and 10.
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	Service in excess of 10 years - 2% of average salary (or 1% plus \$25) times years of service in excess of 10.
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Maximum annuity - 80% of average salary.

Annuity reduction for retirement (other than disability) before age 60

1/12% of each of first 60 months under age 60 (1% a year), plus 1/6% for each additional month under age 60 (2% a year).

Annuity reduction to provide annuity for surviving spouse

2 1/2% of first \$2400, plus 10% of annuity over \$2400. Reductions are applied only to the portion of annuity the retiring employee designates as a basis for survivor annuity.

Mandatory Separation

Employee (except legislative and judicial) is mandatorily retired at the end of the month in which he (1) is age 70, and (2) has at least 15 years of service.

Retirement with Immediate Annuity

<u>Age</u>	<u>Years of Service</u>
62	5
60	30
55	30 (reduced annuity)
Any	25 (after involuntary separation-reduced annuity)
50	20 (after involuntary separation-reduced annuity)

Disability Retirement

Employee who becomes disabled after 5 years of civilian service may retire on immediate annuity. Annuity is stopped if employee recovers from disability, or if earning capacity is restored even though recovery has not occurred.

The minimum disability annuity is the lesser of: 40% of average salary, or the annuity computed under the general formula after adding the years elapsing between separation and attainment of age 60. Annuity larger than the minimum is payable if earned by the retiring employee.

Survivor annuity, payable after death of an employee

5 years' civilian service
Widow or dependent widower -
1/2 employee's earned annuity beginning immediately.

Children who received more than 1/2 of support from deceased employee who is survived by wife or husband - child receives least of:
(1) 40% of average salary divided by number of children,
(2) \$600, or
(3) \$1800 divided by number of children.

Children only - child received least of:

- (1) 50% of average salary divided by number of children,
- (2) \$720, or
- (3) \$2160 divided by number of children.

Survivor annuity,
payable after
death of annuitant

After any type of retirement

Widow or widower - Annuity (only if retiring employee so elected) of $\frac{1}{2}$ of so much of annuitant's earned rate as is designated by him, beginning immediately.

Children, same as payable after death of employee.

Refunds

Employee may receive refund, regardless of length of service, if he is separated and files claim at least 31 days before the earliest commencing date of any annuity for which he is eligible.

Interest is computed to date of separation. Rate is 4% to December 31, 1947, 3% thereafter, except that interest stops on Dec. 31, 1956 if employee has 5 or more years of civilian service.

Creditable
Service

Credit is allowed for separation periods of 1, 2, or 3 days.

Credits honorable active military service if employee is not receiving retired pay, or if he is receiving retired pay (1) based on a service-connected disability incurred in combat with an enemy or (2) awarded under Title III of P. L. 810, 80th Congress.

Denies retirement credit for military service performed after December, 1956, if employee or his widow or child received Social Security benefit based on his wages or self-employment income.

Military furlough terminates after 5 years of military service, but not before December 31, 1956. This termination is for retirement purposes only, and employment status and any reemployment rights are not affected.

~~Public Law 855 (H. R. 12350) SECOND SUPPLEMENTAL APPROPRIATION ACT, 1957 (approved July 31, 1956). Provides \$150,000 for the Commission on Industrial Use of Agricultural Products; \$50,000 for acquisition of land for the Gache National Forest, Utah; \$1,000,000 for FHA costs in connection with expanded loan activities under amendments to the Bankhead-Jones Farm Tenant Act contained in Public Law 878, 84th Congress; \$45,000 for OGC legal services incident to the above expanded loan activities; and funds for payment of claims, audited claims, and judgments against the Government. Also provides annual funds for the Atomic Energy Commission for fiscal year 1957. (USDA items above are included in the table of appropriations at the end of this Digest).~~

Public Law 858 (S. 497) WASHOE RECLAMATION PROJECT (approved August 1, 1956). Authorizes the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nevada and California.

Public Law 860 (S. 3116) INTERNATIONAL FAIRS AND EXPOSITIONS (approved August 1, 1956). Authorizes the President to provide for continued U. S. participation in international fairs and expositions, including trade fairs, in various parts of the world.

Public Law 861 (S. 1400) AMENDMENT TO GRAIN STANDARDS ACT (approved August 1, 1956). Amends this Act so as to make samplers and shippers, as well as inspectors, liable for complicity in the issuance of a false or incorrect grade certificate with respect to grain shipped in interstate or foreign commerce.

Public Law 863 (S. 3897) AMENDMENTS TO BUDGET AND ACCOUNTING ACTS (approved August 1, 1956). Amends the Budget and Accounting Act, 1921, the Budget and Accounting Procedures Act of 1950, and Sec. 3679(g), Revised Statutes, to provide that (a) requests for appropriations shall, in such manner and at such times as may be determined by the President, be developed from cost-based budgets; (b) such cost-based budgets shall be used by all departments and their subordinate units for purposes of administration, including use of such budgets as a basis for administrative subdivision of funds; (c) as soon as practicable and in accordance with standards prescribed by GAO, accounts shall be maintained on an accrual basis to show resources, liabilities and costs of operations with a view to facilitating the preparation of cost-based budgets required by the Act; (d) accounting systems required by the Act shall include adequate monetary property accounting records as an integral part of the system; (e) Departments shall, in consultation with the Budget Bureau, take action needed to achieve, insofar as is possible, consistency in accounting and budget classifications, synchronization between such classifications and organizational structure, and support of Budget justifications by information on performance and program costs by organizational units; (f) the Budget shall contain, in such form and detail as the President may determine and at such times as may be practicable, information on program costs and accomplishments; and (g) Departments shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.

Public Law 864 (S. 3820) INCREASE IN CCC BORROWING AUTHORITY (approved August 1, 1956). Section 1 provides for an increase in the borrowing authority of the CCC from \$12 billion to \$14.5 billion. Section 2 makes it a Federal offense to willfully steal or convert property mortgaged or pledged to a lending agency under a program of the CCC. Section 2 also reduces from a felony to a misdemeanor, offenses involving property the value of which is \$500 or less, in order to facilitate the prosecution of relatively minor violations.

Public Law 870 (H. R. 11947) CONTRACT RENEGOTIATION (approved August 1, 1956). Amends the Renegotiation Act of 1951 to extend the renegotiation authority for 2 years to December 31, 1958 (the Act does not apply to this Department).

Public Law 874 (H. R. 11636) TRANSPORTATION OF WATER PLANTS AND SEEDS (approved August 1, 1956). Amends chapter 3 of title 18, U. S. Code, so as to make it a criminal offense to transport, sell, purchase, or advertise for sale, in interstate commerce, alligator grass, water chestnut plants, or water hyacinth plants, or the seeds of such grass or plants.

JULY 25, 1955

A BILL

1 the rate of basic compensation of the head of each executive
2 department, of the Secretary of Defense, and of the Director
3 of the Bureau of the Budget shall be \$25,000 per annum;
4 the rate of basic compensation of the Deputy Secretary of
5 Defense and of the Under Secretary of State shall be \$22,500
6 per annum; and the rate of basic compensation of the Secre-
7 tary of the Army, the Secretary of the Navy, the Secretary
8 of the Air Force, the Director of the Federal Bureau of
9 Investigation, the Director of Central Intelligence, and the
10 Administrator of Veterans' Affairs shall be, respectively,
11 \$22,000 per annum.

12 (b) Section 2 (a) is amended by striking out
13 "\$20,000", "\$18,000", and "\$15,000" and inserting in lieu
14 thereof "\$22,500", "\$21,000", and "\$20,000", respectively.

15 (c) Section 3 is amended to read as follows: "The rate
16 of basic compensation of each Under Secretary of an execu-
17 tive department (other than the Department of State), the
18 Deputy Postmaster General, the Comptroller General of the
19 United States, the Deputy Administrator of Veterans'
20 Affairs, the Administrator of General Services, the Housing
21 and Home Finance Administrator, and the Director of the
22 International Cooperation Administration shall be \$21,000
23 per annum."

24 (d) Section 4 is amended to read as follows: "The rate
25 of basic compensation of the Assistant Comptroller General

1 of the United States, the Deputy Director of the Bureau
2 of the Budget, the Deputy Administrator of Veterans'
3 Affairs, the Federal Mediation and Conciliation Director, the
4 Chairman of the Civil Service Commission, members of the
5 Council of Economic Advisers, members of the Board of
6 Governors of the Federal Reserve System, members of the
7 Board of Directors of the Federal Deposit Insurance Cor-
8 poration (including the Comptroller of the Currency), and
9 of each Deputy Under Secretary of an executive depart-
10 ment, shall be \$20,500 per annum."

11 (e) Section 5 (a) (relating to the compensation of
12 assistant secretaries of executive departments and members
13 of most independent boards and commissions) is amended
14 (A) by striking out "\$15,000" and inserting in lieu
15 thereof "\$20,000"; (B) by striking out "Assistant Federal
16 Security Administration", "and the Deputy Under Secre-
17 taries of State", "each Assistant Attorney General", "the
18 Assistant Solicitor General of the United States", and "the
19 Philippine Alien Property Administrator, members (other
20 than the Chairman) of the Board of Directors of the Export-
21 Import Bank of Washington, members (other than the
22 Chairman) of the Board of Directors of the Reconstruction
23 Finance Corporation, members (other than the Chairman)
24 of the United States Maritime Commission"; (C) by insert-
25 ing "the Associate Director of the Federal Bureau of Investi-

1 gation, the Deputy Director of Central Intelligence”; and
2 (D) by inserting after the words “the Counselor of the
3 Department of State”, the following: “the Legal Adviser,
4 Solicitor, or General Counsel of an executive department
5 when required to be appointed by the President”.

6 (f) Section 5 (b) (relating to the compensation of the
7 Director of the Administrative Office of the United States
8 Courts) is amended by striking out “\$15,000” and inserting
9 in lieu thereof “\$20,000”.

10 (g) Section 6 (a) is amended (A) by striking out
11 “\$14,800” and inserting in lieu thereof “\$17,500”; and
12 (B) by striking out “the Housing Expediter”, “members
13 of the Displaced Persons Commission”, “Members of the
14 Philippine War Damage Commission”, “Governor of the
15 Farm Credit Administration”, “the Associate Director of
16 the Federal Bureau of Investigation”, and “the Deputy
17 Director of Central Intelligence”.

18 SEC. 103. Except in cases where a higher rate may be
19 provided in this or any other Act, the chairman of an inde-
20 pendent board or commission, or of an independent body of
21 similar organizational type, in the executive branch, during
22 the period of his service as such, shall receive compensation
23 at a rate which is \$500 more per annum than the rate at
24 which other members of the board or commission are
25 compensated.

1 TITLE II—STATUTORY SALARY RATE AMEND-
2 MENTS OF 1955

3 SEC. 201. This title may be cited as the “Statutory
4 Salary Rate Amendments of 1955”.

5 SEC. 202. Except as otherwise provided in this Act,
6 rates of basic compensation existing immediately prior to
7 the effective date of this Act, and expressly established by
8 statute or reorganization plan for positions in the executive
9 branch at rates equal to those payable immediately prior
10 to the effective date of this Act under Public Law 359,
11 Eighty-first Congress, approved October 15, 1949, are here-
12 by increased as follows: (A) \$22,500 is increased to \$25,-
13 000; (B) \$20,000 is increased to \$22,500; (C) \$18,000
14 is increased to \$22,000; (D) \$17,500 is increased to \$21,-
15 000; (E) \$16,000 is increased to \$20,500; (F) \$15,000 is
16 increased to \$20,000; and (G) \$14,800 is increased to
17 \$17,500. Such augmented rates shall be considered to be
18 the regular rates of compensation.

19 SEC. 203. Nothing in this Act shall affect rates of basic
20 compensation established under the Atomic Energy Act of
21 1954, Public Law 703, 83d Congress, approved August 30,
22 1954, or rates of basic compensation established under Public
23 Law 9, Eighty-fourth Congress, March 2, 1955.

24 SEC. 204. The compensation for each of the offices
25 established by section 1 (d) of Reorganization Plan Num-

bered 7 of 1953, effective August 1, 1953 (67 Stat. 639) shall be established by the Secretary of State at a rate not less than that of Assistant Secretaries of State nor more than that of Deputy Under Secretaries of State.

SEC. 205. Section 2 of Public Law 565, Seventy-ninth Congress, approved July 30, 1946 (60 Stat. 712), is amended by striking out "\$12,000" and inserting in lieu thereof "\$15,000".

SEC. 206. Section 527 (b) of the Mutual Security Act of 1954, approved August 26, 1954 (Public Law 665, Eighty-third Congress (68 Stat. 832)) is amended by striking out "\$15,000 per annum" and inserting in lieu thereof "the salary rate for Assistant Secretaries of State".

TITLE III—CLASSIFICATION ACT AMENDMENTS OF 1955

SEC. 301. This title may be cited as the "Classification Act Amendments of 1955".

SEC. 302. (a) The compensation schedule for the General Schedule contained in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out:

"GS-17-----	13, 975	14, 190	14, 405	14, 620
GS-18-----	14, 800"			

and inserting in lieu thereof the following:

"GS-17-----	13, 975	14, 190	14, 405	14, 620	14, 835
GS-18-----	16, 000	16, 500	17, 000	17, 500"	

1 (b) The rates of basic compensation of officers and
2 employees to whom this section applies shall be initially
3 adjusted as follows:

4 (1) If the officer or employee is receiving basic com-
5 pensation immediately prior to the effective date of this
6 Act at a scheduled rate of grade 17 or 18 of the General
7 Schedule, he shall receive a rate of basic compensation at
8 the corresponding scheduled rate in effect on and after such
9 date;

10 (2) If the officer or employee, immediately prior to
11 the effective date of this section, is in a position in grade 17
12 of the General Schedule and is receiving basic compensation
13 at a rate between two scheduled rates of such grade, he
14 shall receive a rate of basic compensation at the higher of
15 the two corresponding rates in effect on and after such date;

16 (3) If the officer or employee, immediately prior to
17 the effective date of this section, is in a position in grade
18 17 of the General Schedule and is receiving basic compen-
19 sation at a rate which is in excess of the maximum scheduled
20 rate of his grade as provided in this section, he shall continue
21 to receive such higher rate of basic compensation until (i)
22 he leaves such position, or (ii) he is entitled to receive
23 basic compensation at a higher rate by reason of the opera-
24 tion of the Classification Act of 1949, as amended; but when

1 such position becomes vacant, the rate of basic compensation
2 of any subsequent appointee thereto shall be fixed in accord-
3 ance with such Act, as amended.

4 TITLE IV—FOREIGN SERVICE ACT AMENDMENTS
5 OF 1955

6 SEC. 401. This title may be cited as the “Foreign Service
7 Act Amendments of 1955”.

8 SEC. 402. Section 411 of the Foreign Service Act of
9 1946 (60 Stat. 999), as amended, is amended to read as
10 follows:

11 “SEC. 411. The President shall for salary purposes
12 classify into four classes the positions which are to be occu-
13 pied by chiefs of mission. The per annum salaries of chiefs
14 of mission within each class shall be as follows: Class 1,
15 \$27,500 per annum; class 2, \$25,000; class 3, \$22,500; and
16 class 4, \$20,000.”

17 SEC. 403. Section 412 of such Act, as amended, is
18 amended in the following respects: (a) by deleting in the
19 second sentence of said section, “\$14,800”, and inserting
20 in lieu thereof, “\$17,500”, and (b) by deleting the reference
21 to classes 1 and 2 and the salary rates provided for such
22 classes and inserting in lieu thereof the following: “Class
23 1, \$14,500, \$15,000, \$15,500, \$16,000, \$16,500; class 2,
24 \$12,000, \$12,400, \$12,800, \$13,200, \$13,600, \$14,000;”.

25 SEC. 404. Under such regulations as the Secretary of

1 State shall prescribe, each Foreign Service officer in the
2 class of career minister or in classes 1 or 2 and each Foreign
3 Service Reserve officer receiving salary set at one of the
4 rates provided for classes 1 or 2 shall receive salary at that
5 one of the salary rates prescribed by section 412, as amended,
6 which the Secretary shall consider it appropriate for such
7 officer to receive.

8 TITLE V—POSTAL FIELD SERVICE AMENDMENTS
9 OF 1955

10 SEC. 501. This title may be cited as the “Postal Field
11 Service Amendments of 1955”.

12 SEC. 502. The Postal Field Service Schedule in section
13 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th
14 Congress) is amended by striking the following portion:

“18_____	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19_____	13, 600	13, 900	14, 200	14, 500	14, 800		
20_____	14, 800”						

15 and inserting in lieu thereof the following:

“18_____	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19_____	14, 000	14, 300	14, 600	14, 900	15, 200	15, 500	15, 800
20_____	16, 000	16, 300	16, 600	16, 900	17, 200	17, 500	-----”

16 TITLE VI—VETERANS’ ADMINISTRATION MEDI-
17 CINE AND SURGERY AMENDMENTS OF 1955

18 SEC. 601. This title may be cited as the “Veterans’ Ad-
19 ministration Medicine and Surgery Amendments of 1955”.

20 SEC. 602. Section 3 of the Act of January 3, 1946, as
21 amended, (38 U. S. C. 15b) is hereby amended as follows:

1 (a) The last sentence of section 3 (b) is amended to
2 read: "During the period of his service as such, the Chief
3 Medical Director shall be paid a salary of \$17,800 a year."

4 (b) The last sentence of section 3 (c) is amended to
5 read: "During the period of his service as such, the Deputy
6 Chief Medical Director shall be paid a salary of \$16,800
7 a year."

8 (c) That portion of section 3 (d) which precedes the
9 proviso is amended to read: "Each Assistant Chief Medical
10 Director shall be appointed by the Administrator upon the
11 recommendation of the Chief Medical Director and shall be
12 paid a salary of \$15,800."

13 TITLE VII—RESEARCH AND DEVELOPMENT

14 SALARY AMENDMENTS OF 1955

15 SEC. 701. This title may be cited as the "Research and
16 Development Salary Amendments of 1955".

17 SEC. 702. Sections 171p, 230, 476, 626t of title 5 of the
18 United States Code, section 158 of title 50 of the United
19 States Code, and section 210 (g) of title 42 of the United
20 States Code (relating to salary limitations on research and
21 development positions requiring the services of specially
22 qualified scientific or professional personnel in the Depart-
23 ment of Defense, the National Advisory Committee for
24 Aeronautics, and the United States Public Health Service,
25 respectively) are amended by striking out "\$10,000" and

1 “\$15,000” and inserting in lieu thereof “\$12,500” and
2 “\$17,500”, respectively.

3 SEC. 703. The salary amendments contained in section
4 702 shall not affect the authority of the Civil Service Com-
5 mission or the procedure for fixing the pay of individual offi-
6 cers or employees under the statutes therein amended; except
7 that the existing rate of basic compensation of any officer or
8 employee to whom this title applies which is less than a rate
9 of \$12,500 per annum shall be increased to such rate on the
10 effective date of this title.

11 SEC. 704. Section 113a of title 21 of the United States
12 Code (relating to salary limitation on technical experts or
13 scientists for research and study of foot-and-mouth disease and
14 other animal diseases) is hereby amended by striking out
15 “\$15,000” and inserting in lieu thereof “\$17,500”.

16 TITLE VIII—EFFECTIVE DATE

17 SEC. 801. This Act shall take effect at the beginning of
18 the first pay period following the date of enactment of this
19 Act.

A BILL

To increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and for other purposes.

By Mr. JOHNSTON of South Carolina and Mr.
CARLSON

JULY 25, 1955

Read twice and referred to the Committee on Post
Office and Civil Service

84TH CONGRESS
1ST SESSION

H. R. 7619

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 1955

Mr. MURRAY of Tennessee introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Executives Pay
4 Act of 1955".

5 TITLE I—BASIC COMPENSATION FOR HEADS OF
6 EXECUTIVE DEPARTMENTS AND OTHER FED-
7 ERAL OFFICIALS

8 SEC. 101. The annual rate of basic compensation of the
9 head of each executive department and of the Secretary of
10 Defense shall be \$25,000.

1 SEC. 102. The annual rate of basic compensation of
2 the Deputy Secretary of Defense, of the Under Secretary
3 of State, of the Director, Office of Defense Mobilization,
4 of the Comptroller General of the United States, and of the
5 Director of the Bureau of the Budget shall be \$22,500.

6 SEC. 103. The annual rate of basic compensation of the
7 Secretary of the Army, of the Secretary of the Navy, of
8 the Secretary of the Air Force, of the Director of the
9 Federal Bureau of Investigation, Department of Justice,
10 and of the Director of Central Intelligence shall be \$22,000.

11 SEC. 104. Section 105 of title 3 of the United States
12 Code is amended to read as follows:

13 “COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMIN-
14 ISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

15 “§ 105. The President is authorized to fix the compensa-
16 tion of the six administrative assistants authorized to be
17 appointed under section 106 of this title, of the Executive
18 Secretary of the National Security Council, and of five
19 other secretaries or other immediate staff assistants in the
20 White House Office, as follows: Two at rates not exceeding
21 \$22,500 per annum, three at rates not exceeding \$21,000
22 per annum, and seven at rates not exceeding \$19,000 per
23 annum.”

24 SEC. 105. The annual rate of basic compensation for each

1 of the offices or positions listed in this section shall be
2 \$21,000, as follows:

3 (1) Each Under Secretary of an executive department
4 (other than the Department of State) ;

5 (2) The Deputy Postmaster General;

6 (3) The Administrator of Veterans' Affairs;

7 (4) The Administrator of General Services;

8 (5) The Administrator of the Housing and Home
9 Finance Agency;

10 (6) The Director of the International Cooperation
11 Administration;

12 (7) The Deputy Director of the Office of Defense
13 Mobilization;

14 (8) The Administrator of the Federal Civil Defense
15 Administration;

16 (9) The Chairman of the Renegotiation Board;

17 (10) The Director of the United States Information
18 Agency;

19 (11) The President of the Export-Import Bank of
20 Washington;

21 (12) The Governor of the Farm Credit Administration;

22 (13) The Chairman of the Council of Economic Ad-
23 visors;

24 (14) The Associate Director of the Federal Bureau of
25 Investigation, Department of Justice.

1 SEC. 106. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$20,000, as follows:

4 (1) The Assistant Comptroller General of the United
5 States;

6 (2) The Deputy Director of the Bureau of the Budget;

7 (3) The Under Secretary of the Army;

8 (4) The Under Secretary of the Navy;

9 (5) The Under Secretary of the Air Force;

10 (6) The Deputy Administrator of Veterans' Affairs;

11 (7) The Director of the Federal Mediation and Con-
12 ciliation Service;

13 (8) The Chairman of the United States Civil Service
14 Commission;

15 (9) Each member (other than the Chairman) of the
16 Council of Economic Advisors;

17 (10) Each member of the Board of Governors of the
18 Federal Reserve System;

19 (11) Each member of the Board of Directors of the
20 Federal Deposit Insurance Corporation;

21 (12) The Comptroller of the Currency;

22 (13) Each Deputy Under Secretary of the Department
23 of State;

24 (14) The First Vice President of the Export-Import
25 Bank of Washington;

1 (15) The Chairman of the Federal Maritime Board, De-
2 partment of Commerce;

3 (16) The Deputy Director of the United States In-
4 formation Agency;

5 (17) The Deputy Administrator of the Federal Civil
6 Defense Administration;

7 (18) The Deputy Director of the International Coopera-
8 tion Administration;

9 (19) The Deputy Director of Central Intelligence.

10 SEC. 107. (a) The annual rate of basic compensation
11 for each of the offices or positions listed in this section shall
12 be \$19,000, as follows:

13 (1) The Assistant to the Director of the Federal Bureau
14 of Investigation, Department of Justice;

15 (2) Each Assistant Secretary of an executive depart-
16 ment;

17 (3) Each Assistant Postmaster General;

18 (4) The Fiscal Assistant Secretary of the Treasury;

19 (5) The Director of the National Advisory Committee
20 for Aeronautics;

21 (6) Each member of the Civil Aeronautics Board;

22 (7) Each member of the Federal Communications
23 Commission;

24 (8) Each member of the Federal Power Commission;

25 (9) Each member of the Federal Trade Commission;

- 1 (10) Each member of the Interstate Commerce Com-
2 mission;
- 3 (11) Each member of the National Labor Relations
4 Board;
- 5 (12) Each member of the National Mediation Board;
- 6 (13) Each member of the Railroad Retirement Board;
- 7 (14) Each member of the Securities and Exchange
8 Commission;
- 9 (15) Each member of the Board of Directors of the
10 Tennessee Valley Authority;
- 11 (16) Each member (other than the Chairman) of the
12 United States Civil Service Commission;
- 13 (17) Each member of the United States Tariff Com-
14 mission;
- 15 (18) The General Counsel of the National Labor Re-
16 lations Board;
- 17 (19) The Deputy Administrator of General Services;
- 18 (20) The Archivist of the United States;
- 19 (21) The Commissioner of Internal Revenue;
- 20 (22) The Commissioner of Immigration and Natural-
21 ization;
- 22 (23) The Commissioner of Public Roads;
- 23 (24) The Administrator of Civil Aeronautics;
- 24 (25) The Administrator of the Rural Electrification
25 Administration;

- 1 (26) The Counselor of the Department of State;
- 2 (27) The Governor of Alaska;
- 3 (28) The Governor of Hawaii;
- 4 (29) The Governor of the Virgin Islands;
- 5 (30) The Governor of the Canal Zone;
- 6 (31) The Public Printer;
- 7 (32) The Librarian of Congress;
- 8 (33) The Architect of the Capitol;
- 9 (34) The President of the Federal National Mortgage
10 Association, Housing and Home Finance Agency;
- 11 (35) The Deputy Administrator of the Housing and
12 Home Finance Agency;
- 13 (36) Each member of the Home Loan Bank Board,
14 Housing and Home Finance Agency;
- 15 (37) The Public Housing Commissioner, Housing and
16 Home Finance Agency;
- 17 (38) The Federal Housing Commissioner, Housing and
18 Home Finance Agency;
- 19 (39) Each Assistant Secretary of the Army;
- 20 (40) Each Assistant Secretary of the Navy;
- 21 (41) Each Assistant Secretary of the Air Force;
- 22 (42) The Special Assistant to the Secretary (Health
23 and Medical Affairs), Department of Health, Education,
24 and Welfare;

1 (43) The Chairman of the Military Liaison Committee
2 to the Atomic Energy Commission, Department of Defense;

3 (44) The Administrator, Bureau of Security and Con-
4 sular Affairs, Department of State;

5 (45) Each member of the Board of Directors of the
6 Export-Import Bank of Washington;

7 (46) Each member of the Foreign Claims Settlement
8 Commission of the United States;

9 (47) Each member (other than the Chairman) of the
10 Federal Maritime Board, Department of Commerce;

11 (48) Each Assistant Director of the Bureau of the
12 Budget;

13 (49) Each member (other than the Chairman) of the
14 Renegotiation Board;

15 (50) The Administrator, Wage and Hour and Public
16 Contracts Divisions, Department of Labor;

17 (51) The Director of the National Science Foundation;

18 (52) Each member of the Subversive Activities Con-
19 trol Board;

20 (53) The Solicitor, General Counsel, Legal Adviser,
21 or other chief legal officer of each executive department
22 (excluding the Department of Justice) ;

23 (54) The ten assistant directors, International Coop-
24 eration Administration, designated under section 1 (d) of

1 Reorganization Plan No. 7 of 1953 and section 527 (b)
2 of the Mutual Security Act of 1954, respectively;

3 (55) The Administrator of the Saint Lawrence Sea-
4 way Development Corporation;

5 (56) The Administrator of the Small Business Ad-
6 ministration.

7 (b) The first sentence of section 603 of title 28 of
8 the United States Code (relating to the annual compensa-
9 tion of the Director of the Administrative Office of the United
10 States Courts) is amended to read as follows: "The Director
11 shall receive a salary of \$19,000 a year."

12 SEC. 108. The annual rate of basic compensation for
13 each of the offices or positions listed in this section shall be
14 \$17,500, as follows:

15 (1) The Associate Director of the Federal Mediation
16 and Conciliation Service;

17 (2) The Director of Selective Service;

18 (3) Each Commissioner of the Indian Claims Commis-
19 sion;

20 (4) Each Commissioner of the United States Court
21 of Claims;

22 (5) The Assistant Architect of the Capitol;

23 (6) The Chief Assistant Librarian of Congress;

24 (7) The Deputy Public Printer.

1 SEC. 109. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$17,000, as follows:

4 (1) The Treasurer of the United States;

5 (2) The Commissioner, Federal Supply Service, Gen-
6 eral Services Administration;

7 (3) The Director of the Bureau of Prisons, Department
8 of Justice;

9 (4) The Commissioner, Public Buildings Service, Gen-
10 eral Services Administration;

11 (5) The Commissioner of Social Security, Department
12 of Health, Education, and Welfare;

13 (6) The Commissioner of Reclamation, Department
14 of the Interior;

15 (7) The Commissioner of Customs, Department of the
16 Treasury;

17 (8) The Commissioner of Narcotics, Department of the
18 Treasury;

19 (9) The Administrator, Bonneville Power Adminis-
20 tration;

21 (10) The Deputy Administrator of the Saint Lawrence
22 Seaway Development Corporation;

23 (11) The Director, Division of Slum Clearance and
24 Urban Redevelopment, Housing and Home Finance Agency;

1 (12) The Director of Housing Research, Housing and
2 Home Finance Agency;

3 (13) Each Deputy Administrator, Small Business Ad-
4 ministration.

5 SEC. 110. Except as otherwise specifically provided in
6 this title, the chairman or other head of each independent
7 board or commission in the executive branch shall receive,
8 during the period of his service as chairman or other head
9 of such board or commission, annual basic compensation at
10 a rate which is \$500 more than the annual rate of basic
11 compensation prescribed by this title for the other members
12 of such board or commission.

13 TITLE II—INCREASES IN MAXIMUM LIMITA-
14 TIONS ON BASIC COMPENSATION UNDER
15 CLASSIFICATION ACT OF 1949 AND OTHER
16 LAWS

17 SEC. 201. (a) The compensation schedule for the Gen-
18 eral Schedule contained in section 603 (b) of the Classifica-
19 tion Act of 1949, as amended, is amended by striking out:

"GS-17----- 13,975 14,190 14,405 14,620
GS-18----- 14,800"

20 and inserting in lieu thereof:

"GS-17----- 13,975 14,190 14,405 14,620 14,835
GS-18----- 16,000".

21 (b) The rates of basic compensation of officers and em-

1 ployees to whom this section applies shall be initially ad-
2 justed as follows:

3 (1) If the officer or employee is receiving basic com-
4 pensation immediately prior to the effective date of this
5 Act at a scheduled rate of grade 17 or 18 of the General
6 Schedule, he shall receive a rate of basic compensation at
7 the corresponding scheduled rate in effect on and after such
8 date;

9 (2) If the officer or employee, immediately prior to the
10 effective date of this Act, is in a position in grade 17 of the
11 General Schedule and is receiving basic compensation at a
12 rate between two scheduled rates of such grade, he shall
13 receive a rate of basic compensation at the higher of the
14 two corresponding rates in effect on and after such date;

15 (3) If the officer or employee, immediately prior to
16 the effective date of this Act, is in a position in grade 17
17 of the General Schedule and is receiving basic compensation
18 at a rate which is in excess of the maximum scheduled rate
19 of his grade as provided in this section, he shall continue to
20 receive such higher rate of basic compensation until (A) he
21 leaves such position, or (B) he is entitled to receive basic
22 compensation at a higher rate by reason of the operation
23 of the Classification Act of 1949, as amended; but when
24 such position becomes vacant, the rate of basic compensation

1 of any subsequent appointee thereto shall be fixed in accord-
 2 ance with such Act, as amended.

3 SEC. 202. The Postal Field Service Schedule in section
 4 301 (a) of the Postal Field Service Compensation Act of
 5 1955 (Public Law 68, Eighty-fourth Congress) is amended
 6 by striking out:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

7 and inserting in lieu thereof:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200		
20-----	16, 000".						

7 SEC. 203. Section 3 of the Act of January 3, 1946,
 8 as amended (38 U. S. C., sec. 15b), is hereby amended as
 9 follows:

10 (1) The first paragraph of such section 3 as amended
 11 by paragraph (1) of the first section of the Act of October
 12 12, 1949 (63 Stat. 764), and the second and third para-
 13 graphs of subsection (b) of such section 3 as amended by
 14 paragraphs (3) and (4) of the first section of such Act
 15 of October 12, 1949, are hereby redesignated as subsections
 16 "(a)", "(c)", and "(d)", respectively, of section 3 of the
 17 Act of January 3, 1946;

18 (2) The last sentence of section 3 (b) is amended to
 19 read: "During the period of his service as such, the Chief
 20 Medical Director shall be paid a salary of \$17,800 a year.";

1 (3) The last sentence of section 3 (c), as redesign-
2 nated by paragraph (1) of this section, is amended to read:
3 “During the period of his service as such, the Deputy Chief
4 Medical Director shall be paid a salary of \$16,800 a year.”;
5 and

6 (4) That portion of the first sentence of section 3 (d),
7 as redesignated by paragraph (1) of this section, which
8 precedes the proviso in such sentence is amended to read:
9 “Each Assistant Chief Medical Director shall be appointed
10 by the Administrator upon the recommendation of the Chief
11 Medical Director and shall be paid a salary of \$15,800 a
12 year.”.

13 SEC. 204. (a) Subsection (c) of the first section of the
14 Act of August 1, 1947, as amended (5 U. S. C., secs. 171p,
15 230, 476, and 626t; 50 U. S. C., sec. 158), relating to
16 limitations on rates of basic compensation for research and
17 development positions requiring the services of specially
18 qualified scientific or professional personnel in the Depart-
19 ment of Defense and in the National Advisory Committee for
20 Aeronautics, is amended (1) by striking out “\$10,000” and
21 inserting in lieu thereof “\$12,500” and (2) by striking out
22 “\$15,000” and inserting in lieu thereof “\$17,500”.

23 (b) Section 208 (g) of the Public Health Service Act,
24 as amended (42 U. S. C., sec. 210 (g)), relating to limita-
25 tions on rates of basic compensation for research and develop-

1 ment positions requiring the services of specially qualified
2 scientific or professional personnel in the Public Health Serv-
3 ice, is amended (1) by striking out “\$10,000” and inserting
4 in lieu thereof “\$12,500” and (2) by striking out “\$15,000”
5 and inserting in lieu thereof “\$17,500”.

6 (c) Section 12 of the Act of May 29, 1884, as amended
7 (62 Stat. 198; 21 U. S. C., sec. 113a), relating to the
8 maximum limitation on basic compensation for positions of
9 technical experts or scientists for research and study of foot-
10 and-mouth disease and other animal diseases, is amended by
11 striking out “\$15,000” and inserting in lieu thereof
12 “\$17,500”.

13 (d) The amendments contained in subsections (a) and
14 (b) of this section shall not affect the authority of the
15 United States Civil Service Commission or the procedure for
16 fixing the pay of individual officers or employees under the
17 provisions of law amended by such subsections (a) and (b) ;
18 except that the rate of basic compensation in effect immedi-
19 ately prior to the effective date of this Act of any officer or
20 employee to whom the provisions of law amended by this
21 section apply, which is less than a basic rate of \$12,500 per
22 annum, shall be increased to such rate on such effective date.

23 TITLE III—GENERAL PROVISIONS

24 SEC. 301. The following provisions of law are hereby
25 repealed:

1 (1) The Act entitled "An Act to increase rates of
2 compensation of the heads and assistant heads of executive
3 departments and independent agencies", approved October
4 15, 1949 (Public Law 359, Eighty-first Congress; 63 Stat.
5 880), except section 2 (b), section 6 (b), section 6 (c),
6 section 6 (d), and section 9 thereof;

7 (2) That part of the paragraph under the heading
8 "Federal Bureau of Investigation" and under the subhead-
9 ing "Salaries and Expenses" contained in title II (the
10 Department of Justice Appropriation Act, 1956) of the
11 Departments of State and Justice, the Judiciary, and re-
12 lated agencies Appropriation Act, 1956 (Public Law 133,
13 Eighty-fourth Congress), which reads "*: Provided, That*
14 *the compensation of the Director of the Bureau shall be*
15 *\$20,000 per annum so long as the position is held by the*
16 *present incumbent*"; and

17 (3) That part of the first paragraph under the head-
18 ing "National Advisory Committee for Aeronautics" con-
19 tained in title I of the Independent Offices Appropriation
20 Act, 1956 (Public Law 112, Eighty-fourth Congress),
21 which reads "one Director at not to exceed \$17,500 per
22 annum so long as the position is held by the present
23 incumbent;".

24 SEC. 302. Nothing contained in this Act shall be held
25 or considered to affect the last proviso in the paragraph un-

1 der the heading "Federal Prison System" and under the
2 subheading "Salaries and Expenses, Bureau of Prisons" con-
3 tained in title II (the Department of Justice Appropriation
4 Act, 1956) of the Departments of State and Justice, the
5 Judiciary, and related agencies Appropriation Act, 1956
6 (Public Law 133, Eighty-fourth Congress), which reads
7 "*Provided further*, That hereafter the compensation of the
8 Director of the Bureau shall be \$17,500 per annum so long
9 as the position is held by the present incumbent".

10 SEC. 303. The rate of basic compensation of any officer
11 or employee of the Federal Government which is in effect
12 immediately prior to the effective date of this Act shall
13 not be reduced by reason of the enactment of this Act.

14 SEC. 304. This Act shall take effect at the beginning
15 of the first pay period following the date of enactment of
16 this Act.

A BILL

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

By Mr. MURRAY of Tennessee

JULY 26, 1955

Referred to the Committee on Post Office and Civil Service

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 28, 1955
For actions of July 27, 1955
84th-1st, No. 127

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HIGHLIGHTS: House received and Senate agreed to conference reports on: Mexican farm-labor bill, and donation of CCC stocks to distressed areas. House received conference report on mutual security appropriation bill, rejected road bill. House committee reported bills to: provide penalties for false grade-marking, amend rice quota law, and authorize additional extension work for low-income farmers. House subcommittee ordered reported Farm-City Week measure. Senate committee reported measure to amend law re participation in FAO. Senate subcommittee ordered reported farm credit bill. Sen. Sparkman inserted comparative study of low-income farm families. Both Houses agreed to conference report on Government Security Commission measure. House committee reported executive pay bill. Sen. Hill commended USDA disposal of surplus foods and inserted press release.

SENATE

1. FAO. The Foreign Relations Committee reported without amendment S. J. Res. 97, to increase from \$2,000,000 to \$3,000,000 the limitation on the annual U. S. contribution to the Food and Agriculture Organization (S. Rept. 1172) (p. 10021).
2. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 4663, authorizing the Trinity River division, Central Valley project, Calif. (S. Rept. 1154); and H. R. 3587, to authorize a water compact between Oreg. and Calif. for the waters of the Klamath River (S. Rept. 1166) (p. 10020).
The Committee reported with amendments S. 1818, to limit the amount of land on Federal irrigation projects which may be exchanged by veteran settlers on other irrigation projects (S. Rept. 1155) (p. 10020).

3. RENTALS. Received a supplemental report from the Budget Bureau on activities under Budget Bureau Circular A-45, regulating rental rates for Federal employee quarters, for the year prior to Nov. 1, 1954; to Appropriations Committee (p. 10020).
4. AUDITING; ELECTRIFICATION. Received from the Comptroller General an audit report on REA for the fiscal years 1953 and 1954; to Government Operations Committee (p. 10020).
5. LOW-INCOME FARMERS. Sen. Sparkman inserted a comparison study, prepared by the Legislative Reference Service of the Library of Congress, of proposals with respect to increasing the productivity and earnings of low-income farm families (pp. 10034-6).
6. ELECTRIFICATION. Sen. Neuberger inserted a Sunday Oregonian article describing differences of opinion between himself and Secretary McKay over how the power resources of the Pacific Northwest should be developed (pp. 10030-3).
7. CONTRACTS; BUILDINGS. Passed with amendment S. 1644, to prescribe policy and procedure in connection with construction contracts made by executive agencies (pp. 10049-52, 10054-71). Sen. Kilgore stated that the bill would prescribe policy, improve existing procedure and practices in connection with the letting of lump-sum, Federal construction contracts, and place the awarding of such contracts on a more efficient basis (p. 10049).
8. FLAMMABLE FABRICS. The Interstate and Foreign Commerce Committee ordered reported without amendment S. 1455, to amend the Flammable Fabrics Act to exempt from its application scarves which do not present an unusual hazard (p. D791).
9. FARM CREDIT. The Agriculture and Forestry subcommittee ordered reported with an amendment H. R. 5168, to provide for retirement of Government capital in certain institutions operating under FCA supervision (p. D790).
10. NOMINATION. Received nomination of Francis O. Wilcox to be an Assistant Secretary of State (p. 10081).
11. LEGISLATIVE PROGRAM. Sen. Clements announced that it is proposed to have the Senate consider today the bill to authorize loans to small reclamation projects and to have a call of the calendar (p. 10081).

HOUSE

12. APPROPRIATIONS. Conferees were appointed on H. R. 7278, the supplemental appropriation bill (p. 10089). Senate conferees were appointed on July 26.
13. GOVERNMENT SECURITY. Both Houses agreed to the conference report on H. J. Res. 157, to establish a Government Security Commission (pp. 10061, 10090). This measure is now ready for the President.
14. PAY. The Post Office and Civil Service Committee reported without amendment H. R. 7619, to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government (H. Rept. 1474) (p. 10133).

FEDERAL EXECUTIVE PAY ACT OF 1955

JULY 27, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MURRAY of Tennessee, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany H. R. 7619]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

It is the purpose of H. R. 7619 to make a necessary adjustment in the pay of officials in the executive branch of the Government. Almost without exception, the positions covered by this legislation are positions the incumbents of which are named by the President by and with the advice and consent of the Senate.

This legislation was requested by the President in a letter to the chairman of the House Post Office and Civil Service Committee. The President in his letter outlined the general principles which he believed should be followed in making this adjustment in executive salaries.

The President stated in his letter with respect to executive salaries that "the Cabinet rate be increased to a level of \$25,000." With this benchmark as an important guide, this bill organizes the offices, positions, and rates below Cabinet level in such a way as to produce, in proper and logical relationship between responsibilities on the one hand, and salary rates on the other.

It is the view of the committee that H. R. 7619 substantially meets the purposes of the executive pay proposal suggested by the President in his letter, which follows:

THE WHITE HOUSE,
Washington, July 15, 1955.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D. C.*

DEAR MR. MURRAY: The Government must provide executive salary rates which will permit able men to lend their talents for substantial periods of time to the conduct of governmental affairs without excessive financial sacrifice. Experience in every kind of endeavor shows that effective top leadership is reflected at every working level of an organization. So vast and complex an establishment as modern government must have the very best leadership. At present, the disparity is far too great between the financial rewards of executive leadership in private industry and the compensation provided for equivalent responsibilities in Government. It is neither necessary nor desirable that the Government compete with industry for its administrators solely on a financial basis. Government has many nonmonetary attractions which will always appeal to public-spirited men and women. Nevertheless, the top pay scales in Government must be improved sufficiently to enable the Nation's most capable men to respond, when they are needed, to the call of public service.

During this session, the Congress has provided a pay increase for its own Members, for members of the judicial branch, and for certain selected positions in the executive branch formerly included under the Executive Pay Act. It has also provided increases for the military, for the postal field service, and for the classified civil service excepting those positions in grade GS-18 of the classified service where statutory ceilings prevented needed adjustments. This pay legislation has been a major accomplishment in the modernization of Federal salary schedules from top to bottom. It is now of vital importance that the pay rates for positions covered by the Executive Pay Act and other related statutes be increased appropriately.

For 85 years the pay for Cabinet members has been 50 to 60 percent higher than the pay of Members of Congress. I have always felt that this differential has been excessive and was pleased when the Members' pay was recently increased. The effect of Public Law 9 was to put congressional pay on the same level as that of Cabinet officers. Reestablishment of the traditional relationship would require that Cabinet pay be increased from \$22,500 to \$33,750. I consider such an increase to be neither desirable nor necessary and suggest that the Cabinet rate be increased to a level of \$25,000.

Already the Congress has established a pattern for the levels of Under Secretary and Assistant Secretary, for in Public Law 9 the Congress in this session approved a salary of \$21,000 for the Deputy Attorney General and \$20,000 for the Assistant Attorneys General. This pattern was recently reconfirmed by the Senate when it approved S. 2237, providing the same pay levels for the Under Secretary and Assistant Secretaries of State.

Continuing this general pattern, it appears desirable to fix the assistant secretary level throughout the Government at \$20,000 and the same rate for members of boards and commissions.

It is also necessary to provide a progressive relationship between the Executive Pay Act and related rates for the top positions under the pay scales of the Classification Act, the Postal Pay Act, and the Foreign Service Act. This could be provided in the case of the Classification Act, with comparable adjustments in the other pay scales, by raising the maximum pay of grade GS-18 to a level of \$17,500. These suggestions would provide a framework for creating proper relationships between the executive pay area, statutory pay scales and those positions created by special legislative authority.

I believe that revisions in accordance with these suggestions would give proper weight to the responsibilities of these positions, qualifications required for executive performance, and the exacting demands of work and working conditions in the top levels of the Government structure. The proposed pay scales would help to attract and retain the competent administrators and advisers without subjecting them and their families to economic setbacks so great as to outweigh the nonmonetary attractions of Government employment. Action along these lines is urgently needed in the interests of Government efficiency, fairness to individuals who devote their exceptional talents to public service in the top rungs of Government, and proper relationship of the various salary scales and systems of the Government.

I earnestly hope that such legislation can be approved by the Congress before this session adjourns.

Sincerely,

(Signed) DWIGHT D. EISENHOWER.

EXPLANATION OF THE BILL

TITLE I

Title I of the bill, "Basic Compensation for Heads of Executive Departments and other Federal Officials," comprehensively revises the Executive Pay Act of 1949.

The Executive Pay Act of 1949

The Executive Pay Act, Public Law 359, 81st Congress, October 15, 1949, as amended, is the principal statute which sets salary rates (between \$14,800 and \$22,500) for top administrative and other positions in the executive branch, such as heads and assistant heads of departments and agencies.

At the present time, the salary rates of 237 offices or positions are subject to the Executive Pay Act. These are outside the Postal Field Service, the Foreign Service under the State Department, or the Department of Medicine and Surgery of the Veterans' Administration. Top salaries in these three units are set by other statutes.

Most of the 237 Executive Pay Act positions, 213 in number, are in the executive branch. Eleven are in the legislative branch: Comptroller General, Assistant Comptroller General, Public Printer, Deputy Public Printer, Librarian and Chief Assistant Librarian of Congress, Architect and Assistant Architect of the Capitol, chief of staff of the Joint Committee on Internal Revenue Taxation, legislative counsel of the House of Representatives, and legislative counsel of the Senate. Thirteen are in the judicial branch: Director and Assistant Director of the Administrative Office of the U. S. Courts, and 11 (as of June 1, 1955) Commissioners of the United States Court of Claims.

The salary distribution of the 237 positions now covered by the Executive Pay Act is as follows:

\$22,500-----	10	\$16,000-----	20	\$13,760-----	2
20,000-----	3	15,000-----	148		
18,000-----	6	14,800-----	32	Total-----	237
17,500-----	15	14,300-----	1		

The only change in a major rate under the Executive Pay Act since 1949 has been an \$800 increase for the original \$14,000 group. This was provided by Public Law 375, 82d Congress, June 5, 1952, which raised the salary rate of \$14,000 to \$14,800 to correspond with the increase in the maximum rate of the Classification Act under Public Law 201, 82d Congress.

All the other rates of the Executive Pay Act; i. e., those at \$15,000 or more, have remained unchanged since their original establishment in 1949.

Since 1949 there have been substantial increases in pay for Federal employees generally. Public Law 201, 82d Congress, provided a 10 percent increase, but not less than \$300 per annum nor more than \$800 per annum, in the rates of the Classification Act and related groups. Public Law 94, 84th Congress, provided a 7½ percent increase for the same groups. Substantial increases were made in the salary schedules of the postal field service by Public Law 204, 82d Congress, and Public Law 68, 84th Congress. The salary rates of Members of Congress and of Judiciary were increased effective March 1, 1955, by Public Law 9, 84th Congress.

However, there has been no general change in the levels of salary rates of heads and assistant heads of departments and agencies and related positions in the executive branch. Until recently, there has been no comprehensive approach to revising the Executive Pay Act.

In the meantime, nevertheless, there has been much separate legislation fixing salaries for executive positions outside the Executive Pay Act. Since 1949 about 20 separate acts of Congress and reorganization plans have fixed rates for about 50 comparable positions outside the Executive Pay Act; some of these are heads and assistant heads of recently created organizations.

Also, the Deputy Attorney General (formerly at \$17,500), the the Solicitor General (formerly at \$17,500), and 8 Assistant Attorneys General (formerly \$15,000), were taken out of the Executive Pay Act when Public Law 9, effective March 1, 1955, fixed their pay at \$21,000, \$20,500, and \$20,000, respectively, by direct provision.

The general salary increases that have been authorized for groups in the three branches of the service, the omission of most of the Executive Pay Act group from these salary-increase programs, the amount of separate legislation, special individual provisions, and piecemeal appropriation riders that the Congress has found to be necessary since the 1949 Executive Pay Act, have convinced the committee of the necessity and desirability of promptly revising the Executive Pay Act, bringing it up to date both as to coverage and rates.

Title I of H. R. 7619, the Federal Executives Pay Act of 1955—

(a) Increases the rates of the Executive Pay Act of 1949, and

(b) Brings its content up to date by eliminating references to obsolete or abolished positions and by consolidating or replacing many individual salary-fixing provisions in existing law.

Title I covers 299 positions at an annual cost of \$1,115,000.

A summarized distribution and a detailed listing of these positions according to their present and proposed salary rates are shown in the following tables:

Number of positions included in title I of H. R. 7619, at present salaries and at proposed salaries

Present salaries	Total	\$25,000	\$22,500	\$22,000	\$21,000	\$20,000	\$19,000	\$17,500	\$17,000
\$22,500.....	11	10	1						
\$20,000.....	4		3	1					
\$18,000.....	6			3	3				
\$17,500.....	28		3		20		4		
\$16,000.....	27			1	1	23	1		1
\$15,000.....	187					5	177		5
\$14,800.....	34					1	7	19	7
\$13,975.....	1						1		
\$13,760.....	1								1
Total.....	299	10	7	5	24	29	190	19	15

Comparison of present and proposed rates of compensation for offices and positions included in H. R. 7619

Title of office or position	Bill section	Per annum rates of compensation	
		Present	H. R. 7619
Secretary of State.....	101	\$22, 500	\$25, 000
Secretary of Defense.....			
Secretary of the Treasury.....			
Attorney General.....			
Postmaster General.....			
Secretary of the Interior.....			
Secretary of Agriculture.....			
Secretary of Commerce.....			
Secretary of Labor.....			
Secretary of Health, Education, and Labor.....			
Deputy Secretary of Defense.....	102	20, 000	22, 500
Under Secretary of State.....	102	17, 500	22, 500
Director, Office of Defense Mobilization.....	102	22, 500	22, 500
Comptroller General of the United States.....	102	17, 500	22, 500
Director of the Bureau of the Budget.....	102	17, 500	22, 500
Secretary of the Army.....	103	18, 000	22, 000
Secretary of the Navy.....			
Secretary of the Air Force.....			
Director of the Federal Bureau of Investigation, Department of Justice.....	103	20, 000	22, 000
The Director of Central Intelligence.....	103	16, 000	22, 000
6 administrative assistants to the President, the Executive Secretary of the National Security Council, and 5 other secretaries or immediate staff assistants in the White House Office.....	104	2 at ¹ 20, 000	¹ 22, 500
		3 at ¹ 18, 000	¹ 21, 000
		7 at ¹ 15, 000	¹ 19, 000
Each Under Secretary of an executive department (other than the Department of State).....	105	17, 500	21, 000
The Deputy Postmaster General.....			
The Administrator of Veterans' Affairs.....			
The Administrator of General Services.....			
The Administrator of the Housing and Home Finance Agency.....			
The Director of the International Cooperation Administration (formerly Deputy Director, FOA).....			
The Deputy Director of the Office of Defense Mobilization.....			
The Administrator of the Federal Civil Defense Administration.....			
The Chairman of the Renegotiation Board.....			
The Director of the United States Information Agency.....			
The President of the Export-Import Bank of Washington.....	105	¹ 17, 500	21, 000
The Governor of the Farm Credit Administration.....	105	16, 000	21, 000
The Chairman of the Council of Economic Advisers.....	105	17, 500	21, 000
The Associate Director of the Federal Bureau of Investigation, Department of Justice.....	105	16, 000	20, 000
The Assistant Comptroller General of the United States.....	106	15, 000	20, 000
The Deputy Director of the Bureau of the Budget.....			
The Under Secretary of the Army.....			
The Under Secretary of the Navy.....	106	15, 000	20, 000
The Under Secretary of the Air Force.....			
The Deputy Administrator of Veterans' Affairs.....			
The Director of the Federal Mediation and Conciliation Service.....	106	16, 000	20, 000
The Chairman of the United States Civil Service Commission.....			
Each member (other than the Chairman) of the Council of Economic Advisers.....			
Each member of the Board of Governors of the Federal Reserve System.....	106	15, 000	20, 000
Each member of the Board of Directors of the Federal Deposit Insurance Corporation.....			
The Comptroller of the Currency.....			
Each Deputy Under Secretary of the Department of State.....	106	16, 000	20, 000
The First Vice President of the Export-Import Bank of Washington.....			
The Chairman of the Federal Maritime Board, Department of Commerce.....			
The Deputy Director of the United States Information Agency.....	106	14, 800	20, 000
The Deputy Administrator of the Federal Civil Defense Administration.....			
The Deputy Director of the International Cooperation Administration (Reorganization Plan 7, 1953, sec. 1 (d)).....			
The Deputy Director of Central Intelligence.....	106	14, 800	19, 000
The Assistant to the Director of the Federal Bureau of Investigation, Department of Justice (formerly classified).....			

¹ Not to exceed.

Comparison of present and proposed rates of compensation for offices and positions included in H. R. 7619—Continued

Title of office or position	Bill section	Per annum rates of compensation	
		Present	H. R. 7619
Each Assistant Secretary of an executive department.....	107 (a)	\$15,000	\$19,000
Each Assistant Postmaster General.....			
The Fiscal Assistant Secretary of the Treasury.....			
The Director of the National Advisory Committee for Aeronautics.....			
Each member of the Civil Aeronautics Board.....			
Each member of the Federal Communications Commission.....			
Each member of the Federal Power Commission.....			
Each member of the Federal Trade Commission.....			
Each member of the Interstate Commerce Commission.....			
Each member of the National Labor Relations Board.....			
Each member of the National Mediation Board.....			
Each member of the Railroad Retirement Board.....			
Each member of the Securities and Exchange Commission.....	107 (a)	15,000	19,000
Each member of the Board of Directors of the Tennessee Valley Authority.....			
Each member (other than the Chairman) of the United States Civil Service Commission.....			
Each member of the United States Tariff Commission.....			
The General Counsel of the National Labor Relations Board.....			
The Deputy Administrator of General Services.....			
The Archivist of the United States.....			
The Commissioner of Internal Revenue.....			
The Commissioner of Immigration and Naturalization.....			
The Commissioner of Public Roads.....			
The Administrator of Civil Aeronautics.....			
The Administrator of the Rural Electrification Administration.....			
The Counselor of the Department of State.....	107 (a)	17,500	19,000
The Governor of Alaska.....			
The Governor of Hawaii.....			
The Governor of the Virgin Islands.....			
The Governor of the Canal Zone.....			
The Public Printer.....			
The Librarian of Congress.....			
The Architect of the Capitol.....			
The President of the Federal National Mortgage Association, Housing and Home Finance Agency.....			
The Deputy Administrator of the Housing and Home Finance Agency.....			
Each member of the Home Loan Bank Board, Housing and Home Finance Agency.....			
The Public Housing Commissioner, Housing and Home Finance Agency.....	107 (a)	15,000	19,000
The Federal Housing Commissioner, Housing and Home Finance Agency.....			
Each Assistant Secretary of the Army.....			
Each Assistant Secretary of the Navy.....			
Each Assistant Secretary of the Air Force.....			
The Special Assistant to the Secretary (Health and Medical Affairs), Department of Health, Education, and Welfare.....			
The Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense.....			
The Administrator, Bureau of Security and Consular Affairs, Department of State.....			
Each member of the Board of Directors of the Export-Import Bank of Washington.....			
Each member of the Foreign Claims Settlement Commission of the United States.....			
Each member (other than the Chairman) of the Federal Maritime Board, Department of Commerce.....			
Each Assistant Director of the Bureau of the Budget.....	107 (a)	Various	19,000
Each member (other than the Chairman) of the Renegotiation Board.....			
The Administrator, Wage and Hour and Public Contracts Divisions, Department of Labor.....			
The Director of the National Science Foundation.....			
Each member of the Subversive Activities Control Board.....			
The Solicitor, General Counsel, legal adviser or other chief legal officer of each executive department (excluding the Department of Justice).....			
The 10 Assistant Directors, International Cooperation Administration, designated under sec. 1 (d) of Reorganization Plan No. 7 of 1953 and sec. 527 (b) of the Mutual Security Act of 1954, respectively.....			
The Administrator of the St. Lawrence Seaway Development Corporation.....			
The Administrator of the Small Business Administration.....			
	107 (a)	17,500	19,000

Comparison of present and proposed rates of compensation for offices and positions included in H. R. 7619—Continued

Title of office or position	Bill section	Per annum rates of compensation	
		Present	H. R. 7619
The Director of the Administrative Office of the United States Courts.....	107 (b)	\$15,000	\$19,000
The Associate Director of the Federal Mediation and Conciliation Service.....	108	14,800	17,500
The Director of Selective Service.....			
Each Commissioner of the Indian Claims Commission.....			
Each Commissioner of the United States Court of Claims.....			
The Assistant Architect of the Capitol.....	109	12,800	17,000
The Chief Assistant Librarian of Congress.....			
The Deputy Public Printer.....			
The Treasurer of the United States.....			
The Commissioner, Federal Supply Service, General Services Administration.....	109	14,800	17,000
The Director of the Bureau of Prisons, Department of Justice.....			
The Commissioner, Public Buildings Service, General Services Administration.....			
Commissioner of Social Security, Department of Health, Education, and Welfare.....			
The Commissioner of Reclamation, Department of the Interior.....	109	16,000	17,000
The Commissioner of Customs, Department of the Treasury.....			
The Commissioner of Narcotics, Department of the Treasury.....			
The Administrator, Bonneville Power Administration.....			
The Deputy Administrator of the St. Lawrence Seaway Development Corporation.....	109	15,000	17,000
The Director, Division of Slum Clearance and Urban Redevelopment, Housing and Home Finance Agency.....			
The Director of Housing Research, Housing and Home Finance Agency.....			
Each Deputy Administrator, Small Business Administration.....			
Grade GS-18.....	201	14,800	16,000
Grade GS-17.....	201	Step 1.. 13,975	13,975
		Step 2.. 14,190	14,190
		Step 3.. 14,405	14,405
		Step 4.. 14,620	14,620
		Step 5.. 14,835	14,835
Salary level 20 PFS.....	202	14,800	16,000
Salary level 19 PFS.....	202	Step 1.. 13,600	14,000
		Step 2.. 13,900	14,300
		Step 3.. 14,200	14,600
		Step 4.. 14,500	14,900
		Step 5.. 14,800	15,200
		Step 6.. -----	-----
		Step 7.. -----	-----
Salary level 18 PFS.....	202	Step 1.. 12,500	12,800
		2.. 12,800	13,100
		3.. 13,100	13,400
		4.. 13,400	13,700
		5.. 13,700	14,000
		6.. 14,000	14,300
		7.. 14,300	14,600
Chief Medical Director.....	203	16,800	17,800
Deputy Chief Medical Director.....	203	15,800	16,800
Each Assistant Chief Medical Director.....	203	14,800	15,800
Department of Defense, Office of the Secretary (6 positions in the professional and scientific service).	204	10,000 to 15,000	12,500 to 17,500
Department of the Army (13 positions in the professional and scientific service).			
Department of the Navy (13 positions in the professional and scientific service).			
Department of the Air Force (13 positions in the professional and scientific service).			
National Advisory Committee for Aeronautics (10 positions in the professional and scientific service).....	204	15,000	17,500
Public Health Service, Department of Health, Education, and Welfare (30 positions in the professional and scientific service).....			
Foot and mouth research (5 technical experts or scientists), Department of Agriculture.....			

¹ Not to exceed.

TITLE II. INCREASES IN MAXIMUM LIMITATIONS ON BASIC COMPENSATION UNDER CLASSIFICATION ACT OF 1949 AND OTHER LAWS

Section 201 of this title raises the ceiling of the pay schedules of the General Schedule of the Classification Act of 1949, as amended. The changes are as follows:

1. A salary rate of \$14,835 is added at the end of the present pay scale of GS-17 which now consists of 4 rates. This change restores to five the number of pay rates in this grade. Public Law 94, June 28, 1955, required the reduction of GS-17 to 4 rates in order that the top rate should not overlap GS-18. No change is made in the 4 existing rates of GS-17 and persons now in that grade will not through initial conversion receive a pay increase under the bill. The fifth rate must be earned through length of service according to the usual rules. The effect of the change is to increase the spread in GS-17, that is, the difference between the minimum and the maximum, from \$645 to \$860.

2. The present single \$14,800 rate for GS-18 is increased to a single rate of \$16,000. This is an 8.1 percent increase which would be granted to employees whose positions are in GS-18. The existing rate of \$14,800 for GS-18 was not changed by Public Law 94 which increased the rates of pay for all other grades of the Classification Act. With the exceptions of a few GS-18 positions in the Federal Bureau of Investigation and the General Accounting Office, the Classification Act, as amended, limits to 125 the number of positions that may be in GS-18 under that act.

3. The customary conversion rules are provided for initially applying the changes to employees in grades GS-17 and GS-18.

Section 202 increases the rates of the three highest grades of the postal field service schedule contained in Public Law 68, 84th Congress, approved June 10, 1955, as follows:

Grade	Present range	Proposed range
18-----	\$12, 500-\$14, 300	\$12, 800-\$14, 600
19-----	13, 600- 14, 800	14, 000- 15, 200
20-----	14, 800	16, 000

These changes are for the purpose of bringing about a degree of coordination with the new GS-18 classification rate, and to improve the application of the postal field service schedule, to be effected under Public Law 68 not later than 180 days after enactment.

Section 201 (c) of Public Law 68 limits the number of employees that may be at any one time in salary levels 17 to 20 as follows: 40 in level 17, 12 in level 18, 4 in level 19, and 15 in level 20.

Section 203 amends the act of January 3, 1946, as amended, (38 U. S. C. 15) which establishes a Department of Medicine and Surgery in the Veterans' Administration, prescribes its functions, and specifies by title and salary the key positions in the organization.

The amendments made by this title relate only to the positions of the Chief Medical Director, the Deputy Chief Medical Director, and the authorized eight Assistant Chief Medical Directors. The current salaries of these positions are \$16,800, \$15,800, and \$14,800, respectively. The proposed salaries are \$17,800 for the Chief Medical

Director, \$16,800 for the Deputy Chief Medical Director, and \$15,800 for the Assistant Chief Medical Directors.

Section 204 amends several acts of Congress in which, since 1947, Congress has authorized a salary range of from \$10,000 to \$15,000 (in the Department of Agriculture a \$15,000 maximum) for a limited number of professional and scientific positions in research and development activities of specified agencies. The Civil Service Commission must approve in advance the salary rate to be established for each position (except those in Agriculture) and any subsequent changes, within the limits specified by law.

The number of positions authorized in existing law is as follows:

Department of Defense.....	45
5 U. S. C. 171p—Office of Secretary of Defense.....	6
5 U. S. C. 230—Department of the Army.....	13
5 U. S. C. 476—Department of the Navy.....	13
5 U. S. C. 626t—Department of the Air Force.....	13
50 U. S. C. 158—National Advisory Committee for Aeronautics.....	10
42 U. S. C. 210 (g)—U. S. Public Health Service (pending appropriations act, H. R. 5046, would increase number to 60).....	30
21 U. S. C. 113a—Department of Agriculture.....	5
Total.....	90

The purpose of title VII is to raise the \$10,000 to \$15,000 range to \$12,500 to \$17,500 and to prescribe the way in which initial salary adjustments of employees in this group shall be made. Those employees now paid less than \$12,500 would have their salaries raised to that rate automatically. Any subsequent adjustment would be made in the regular manner, i. e., upon recommendation by the agency with the approval of the Civil Service Commission.

With respect to the Department of Agriculture positions, for which the law sets no minimum rate, the purpose of title VII is to raise the maximum limitation from \$15,000 to \$17,500.

TITLE III. GENERAL PROVISIONS

Section 301 (1) repeals the Executive Pay Act, approved October 15, 1949, Public Law 359, 81st Congress, except the provision which established its effective date, and certain substantive subsections which need to be continued.

Section 301 (2) repeals the provision of law which fixes a salary of \$20,000 for the Director of the Federal Bureau of Investigation so long as the position is held by the present incumbent. The bill establishes \$22,000 as the rate for the position.

Section 301 (3) repeals a similar provision of law affecting the \$17,500 salary of the Director of the National Advisory Committee for Aeronautics. The bill fixes the salary for his position at \$19,000.

Section 302 is a saving clause permitting the Director of the Bureau of Prisons to continue to receive \$17,500 a year during his incumbency of that position, as authorized by the Department of Justice Appropriation Act, 1956 (Public Law 133, 84th Cong.).

Section 303 is a general savings clause against reduction of basic compensation as the result of this bill.

Section 304 establishes the effective date as the beginning of the first pay period following enactment.

Estimated annual cost of bill

Title I.....	\$1, 115, 000
Title II:	
Sec. 201.....	150, 000
Sec. 202.....	23, 000
Sec. 203.....	10, 000
Sec. 204.....	225, 000
Total.....	1, 523, 000

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 105 OF TITLE 3 OF THE UNITED STATES CODE

COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMINISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

§ 105. The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of five other secretaries or other immediate staff assistants in the White House Office, as follows: Two at rates not exceeding **[\$20,000]** *\$22,500* per annum, three at rates not exceeding **[\$18,000]** *\$21,000* per annum, and seven at rates not exceeding **[\$15,000]** *\$19,000* per annum.

THE FIRST SENTENCE OF SECTION 603 OF TITLE 28 OF THE UNITED STATES CODE

§ 603. Salaries

The Director shall receive a salary of **[\$15,000]** *\$19,000* a year.

SECTION 603 (b) OF THE CLASSIFICATION ACT OF 1949, AS AMENDED

(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates						
GS-1.....	\$2, 690	\$2, 775	\$2, 860	\$2, 945	\$3, 030	\$3, 115	\$3, 200
GS-2.....	2, 960	3, 045	3, 130	3, 215	3, 300	3, 385	3, 470
GS-3.....	3, 175	3, 260	3, 345	3, 430	3, 515	3, 600	3, 685
GS-4.....	3, 415	3, 500	3, 585	3, 670	3, 755	3, 840	3, 925
GS-5.....	3, 670	3, 805	3, 940	4, 075	4, 210	4, 345	4, 480
GS-6.....	4, 080	4, 215	4, 350	4, 485	4, 620	4, 755	4, 890
GS-7.....	4, 525	4, 660	4, 795	4, 930	5, 065	5, 200	5, 335
GS-8.....	4, 970	5, 105	5, 240	5, 375	5, 510	5, 645	5, 780
GS-9.....	5, 440	5, 575	5, 710	5, 845	5, 980	6, 115	6, 250
GS-10.....	5, 915	6, 050	6, 185	6, 320	6, 455	6, 590	6, 725
GS-11.....	6, 390	6, 605	6, 820	7, 035	7, 250	7, 465	
GS-12.....	7, 570	7, 785	8, 000	8, 215	8, 430	8, 645	
GS-13.....	8, 990	9, 205	9, 420	9, 635	9, 850	10, 065	
GS-14.....	10, 320	10, 535	10, 750	10, 965	11, 180	11, 395	
GS-15.....	11, 610	11, 880	12, 150	12, 420	12, 690		
GS-16.....	12, 900	13, 115	13, 330	13, 545	13, 760		
GS-17.....	13, 975	14, 190	14, 405	14, 620			
GS-18.....	14, 800						
GS-17.....	13, 975	14, 190	14, 405	14, 620	14, 835		
GS-18.....	16, 090						

**POSTAL FIELD SERVICE SCHEDULE IN SECTION 301 (a) OF THE POSTAL
FIELD SERVICE COMPENSATION ACT OF 1955**

POSTAL FIELD SERVICE SCHEDULE

Level	Per annum rates and steps						
	1	2	3	4	5	6	7
1.....	\$2,880	\$2,980	\$3,080	\$3,180	\$3,280	\$3,380	\$3,480
2.....	3,090	3,195	3,300	3,405	3,510	3,615	3,720
3.....	3,330	3,445	3,560	3,675	3,790	3,905	4,020
4.....	3,660	3,785	3,910	4,035	4,160	4,285	4,410
5.....	3,880	4,005	4,130	4,255	4,380	4,505	4,630
6.....	4,190	4,330	4,470	4,610	4,750	4,890	5,030
7.....	4,530	4,685	4,840	4,995	5,150	5,305	5,460
8.....	4,890	5,060	5,230	5,400	5,570	5,740	5,910
9.....	5,280	5,465	5,650	5,835	6,020	6,205	6,390
10.....	5,800	6,000	6,200	6,400	6,600	6,800	7,000
11.....	6,380	6,600	6,820	7,040	7,260	7,480	7,700
12.....	7,020	7,260	7,500	7,740	7,980	8,220	8,460
13.....	7,730	7,990	8,250	8,510	8,770	9,030	9,290
14.....	8,500	8,780	9,060	9,340	9,620	9,900	10,180
15.....	9,350	9,650	9,950	10,250	10,550	10,850	11,150
16.....	10,300	10,600	10,900	11,200	11,500	11,800	12,100
17.....	11,400	11,700	12,000	12,300	12,600	12,900	13,200
18.....	12,500	12,800	13,100	13,400	13,700	14,000	14,300
19.....	13,600	13,900	14,200	14,500	14,800		
20.....	14,800						
18.....	12,800	13,100	13,400	13,700	14,000	14,300	14,600
19.....	14,000	14,300	14,600	14,900	15,200		
20.....	16,000						

SECTION 3 OF THE ACT OF JANUARY 3, 1946, AS AMENDED

SEC. 3. (a) The Office of the Chief Medical Director shall consist of the Chief Medical Director, one Deputy Chief Medical Director, not to exceed eight Assistant Chief Medical Directors, and such other personnel and employees as may be authorized by this Act.

(b) The Chief Medical Director shall be the Chief of the Department of Medicine and Surgery and shall be directly responsible to the Administrator for the operations of the Department. He shall be a qualified doctor of medicine, appointed by the Administrator. During the period of his service as such, the Chief Medical Director shall be paid a salary of **[\$16,000]** \$17,800 a year.

(c) The Deputy Chief Medical Director shall be the principal assistant of the Chief Medical Director. He shall be a qualified doctor of medicine, appointed by the Administrator. During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of **[\$15,000]** \$16,800 a year.

(d) Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of **[\$13,000 minimum to \$14,000 maximum]** \$16,800 a year: *Provided*, That one Assistant Chief Medical Director shall be a qualified doctor of dental surgery who shall be directly responsible to the Chief Medical Director for the operations of the Dental Service. Not to exceed twenty directors of service or chiefs of division, designated by the Chief Medical Director, shall, within the limitations otherwise prescribed in this Act, be paid a salary of \$11,500 minimum to \$12,500 maximum.

(e) The Director and Deputy Director of Nursing Service shall be qualified registered nurses, appointed by the Administrator and shall be responsible to the Chief Medical Director for the operation of the Nursing Service. During the period of her service as such, the Director of Nursing Service shall be paid a salary of \$10,000 a year and the Deputy Director shall be paid a salary of \$8,800 a year.

(f) The Administrator may appoint a chief pharmacist, a chief dietitian, a chief physical therapist, and a chief occupational therapist. During the period of his service as such, each chief shall be paid a salary of \$8,800 a year.

(g) Any appointment hereinabove provided shall be for a period of four years subject to removal by the Administrator for cause.

(h) Reappointments may be made for successive like periods.

**SUBSECTION (C) OF THE FIRST SECTION OF THE ACT OF AUGUST 1,
1947, AS AMENDED**

(c) The rates of compensation for positions established pursuant to the provisions of this Act shall not be less than **[\$10,000]** \$12,500 per annum nor more than **[\$15,000]** \$17,500 per annum and shall be subject to the approval of the Civil Service Commission.

SECTION 208 (G) OF THE PUBLIC HEALTH SERVICE ACT, AS AMENDED

(g) The Administrator is authorized to establish and fix the compensation for, within the Public Health Service, not more than thirty positions, in the professional and scientific service, each such position being established to effectuate those research and development activities of the Public Health Service which require the services of specially qualified scientific or professional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this subsection shall not be less than **[\$10,000]** \$12,500 per annum nor more than **[\$15,000]** \$17,500 per annum, and shall be subject to the approval of the Civil Service Commission. Positions created pursuant to this subsection shall be included in the classified civil service of the United States, but appointments to such positions shall be made without competitive examination upon approval of the proposed appointee's qualifications by the Civil Service Commission or such officers or agents as it may designate for this purpose.

SECTION 12 OF THE ACT OF MAY 29, 1884, AS AMENDED

SEC. 12. The Secretary of Agriculture is authorized to establish research laboratories, including the acquisition of necessary land, buildings, or facilities, and also the making of research contracts under the authority contained in section 10 (a) of the Bankhead-Jones Act of 1935, as amended by the Research and Marketing Act of 1946, for research and study, in the United States or elsewhere, of foot-and-mouth disease and other animal diseases which in the opinion of the Secretary constitute a threat to the livestock industry of the United States: *Provided*, That no live virus of foot-and-mouth disease may be introduced for any purpose into any part of the mainland of the United States except coastal islands separated therefrom by waters navigable for deep-water navigation and which shall not be connected with the mainland by any tunnel, and except further, that in the event of outbreak of foot-and-mouth disease in this country, the Secretary of Agriculture may, at his discretion, permit said virus to be brought into the United States under adequate safeguards. To carry out the provisions of this section, the Secretary is authorized to employ technical experts or scientists without regard to the Classification Act: *Provided*, That the number so employed shall not exceed five and that the maximum compensation for each shall not exceed **[\$15,000]** \$17,500 per annum. There is hereby authorized to be appropriated such sums as Congress may deem necessary; in addition, the Secretary is authorized to utilize, in carrying out this section, funds otherwise available for the control or eradication of such diseases.

PUBLIC LAW 359. EIGHTY-FIRST CONGRESS

AN ACT To increase rates of compensation of the heads and assistant heads of executive departments and independent agencies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That the rate of basic compensation of the head of each executive department and of the Secretary of Defense shall be \$22,500 per annum; the rate of basic compensation of the Deputy Secretary of Defense shall be \$20,000 per annum; and the rate of basic compensation of the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force shall be, respectively, \$18,000 per annum.

[SEC. 2. (a) Section 105 of title 3 of the United States Code is amended to read as follows:

["COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMINISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

["§ 105. The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of five other secretaries or other immediate staff assistants in the White House Office as follows: Two at rates not exceeding \$20,000 per annum, three at rates not exceeding \$18,000 per annum, and seven at rates not exceeding \$15,000 per annum."]

(b) The first sentence of section 106 of title 3 of the United States Code is amended to read as follows: "The President is authorized to appoint not to exceed six administrative assistants and to fix their compensation in accordance with section 105 of this title."

[SEC. 3. The rate of basic compensation of each Under Secretary of an executive department, the Deputy Postmaster General, the Assistant to the Attorney General, the Solicitor General of the United States, the Comptroller General of the United States, the Director of the Bureau of the Budget, the Chairman of the National Security Resources Board, the Federal Security Administrator, the Administrator of Veterans' Affairs, the Administrator of General Services, and the Housing and Home Finance Administrator shall be \$17,500 per annum.

[SEC. 4. The rate of basic compensation of the Chairman of the Munitions Board, the Chairman of the Research and Development Board, the Assistant Comptroller General of the United States, the Assistant Director of the Bureau of the Budget, the Deputy Administrator of Veterans' Affairs, the Director of Central Intelligence, the Federal Mediation and Conciliation Director, the Director of the Federal Bureau of Investigation, the Chairman of the Civil Service Commission, the Chairman of the Board of Directors of the Export-Import Bank of Washington, the Chairman of the Board of Directors of the Reconstruction Finance Corporation, the Chairman of the United States Maritime Commission, members of the Council of Economic Advisers, members of the Board of Governors of the Federal Reserve System, and members of the Board of Directors of the Federal Deposit Insurance Corporation (including the Comptroller of the Currency) shall be \$16,000 per annum.

[SEC. 5. (a) The rate of basic compensation of the Assistant Federal Security Administrator, the Director of Aeronautical Research of the National Advisory Committee for Aeronautics, members of the Civil Aeronautics Board, members of the Federal Communications Commission, members of the Federal Power Commission, members of the Federal Trade Commission, members of the Interstate Commerce Commission, members of the National Labor Relations Board, members of the National Mediation Board, members of the Railroad Retirement Board, members of the Securities and Exchange Commission, members of the Board of Directors of the Tennessee Valley Authority, members (other than the Chairman) of the Civil Service Commission, members of the United States Tariff Commission, the General Counsel of the National Labor Relations Board, the Deputy Administrator of General Services, the Archivist of the United States, each Assistant Secretary of an executive department (including the Fiscal Assistant Secretary of the Treasury and the Deputy Under Secretaries of State), each Assistant Attorney General, each Assistant Postmaster General, the Assistant Solicitor General of the United States, the Counselor of the Department of State, the Philippine Alien Property Administrator, members (other than the Chairman) of the Board of Directors of the Export-Import Bank of Washington, members (other than the Chairman) of the Board of Directors of the Reconstruction Finance Corporation, members (other than the Chairman) of the United States Maritime Commission, the Administrator of the Production and Marketing Administration, the Commissioner of Internal Revenue, the Commissioner of Public Roads, the Commissioner of Immigration and Naturalization, the Administrator of Civil Aeronautics, the Administrator of the Rural Electrification Administration, the Governors of Alaska, Hawaii, the Virgin Islands, and the Panama Canal, the Chief of Staff of the Joint Committee on Internal Revenue Taxation, the Public Printer, the Librarian of Congress, and the Architect of the Capitol shall be \$15,000 per annum.

[(b) The first sentence of section 603 of title 28 of the United States Code (relating to the salary of the Director of the Administrative Office of the United States Courts) is amended to read as follows:

"The Director shall receive a salary of \$15,000 a year."

[SEC. 6. (a) The rate of basic compensation of the Housing Expediter, the Director of the Bureau of Federal Supply, the Director of Selective Service, members of the Displaced Persons Commission, members of the Indian Claims

Commission, members of the War Claims Commission, members of the Philippine War Damage Commission, the Associate Federal Mediation and Conciliation Director, the Deputy Director of Central Intelligence, the Director of the Bureau of Prisons, the Commissioner of Public Buildings, the Commissioner of Community Facilities, the Commissioner for Social Security, the Commissioner of Reclamation, the Chief of the Soil Conservation Service, the Commissioner of Customs, the Commissioner of Narcotics, the Governor of the Farm Credit Administration, the Chief Forester of the Forest Service, the Administrator of the Farmers Home Administration, the Manager of the Federal Crop Insurance Corporation, the Associate Director of the Federal Bureau of Investigation, the Commissioners of the United States Court of Claims, the Assistant Architect of the Capitol, the Chief Assistant Librarian of Congress, and the Deputy Public Printer shall be \$14,000 per annum.】

(b) The second sentence of section 603 of title 28 of the United States Code (relating to the compensation of the Assistant Director of the Administrative Office of the United States Courts) is amended to read as follows: "The Assistant Director shall receive a salary of \$12,500 a year."

(c) The rate of compensation of the Legislative Counsel of the House of Representatives and of the Legislative Counsel of the Senate shall be \$12,000 per annum.

(d) The second sentence of section 30 of the Act of May 24, 1924, as amended (U. S. C., title 5, sec. 152a), relating to the appointment and compensation of the Legal Adviser of the Department of State, is amended to read as follows: "The legal adviser shall be appointed by the President, by and with the advice and consent of the Senate."

【SEC. 7. The applicable appropriation for the fiscal year ending June 30, 1950, shall be available for payment of compensation at the rate established for any position by or pursuant to this Act unless it is specifically provided that such appropriation shall not be available for such purpose.

【SEC. 8. The head of each department or independent agency in the executive branch of the Government, having personnel subject to the provisions of this Act, is authorized and directed to absorb the increased costs during the fiscal year 1950 resulting from the enactment of this Act within any unobligated or unexpended balances in appropriations available to such department or independent agency. This section shall not apply to any agency with respect to which the Director of the Bureau of the Budget shall certify that absorption of such increased costs would impair the proper performance of its functions.】

SEC. 9. This Act shall take effect on the first day of the first pay period which begins after the date of enactment of this Act.

THE DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION ACT, 1956

TITLE II—DEPARTMENT OF JUSTICE

* * * * *

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For expenses necessary for the detection and prosecution of crimes against the United States; protection of the person of the President of the United States; acquisition, collection, classification and preservation of identification and other records and their exchange with the duly authorized officials of the Federal Government, of States, cities, and other institutions; and such other investigations regarding official matters under the control of the Department of Justice and the Department of State as may be directed by the Attorney General, including purchase (not to exceed three hundred for replacement only) and hire of passenger motor vehicles; purchase at not to exceed \$10,000, for replacement only, of one armored motor vehicle; firearms and ammunition; not to exceed \$10,000 for taxicab hire to be used exclusively for the purposes set forth in this paragraph; not to exceed \$4,500 for expenses of attendance at meetings of organizations concerned with the purposes of this appropriation; payment of rewards; and not to exceed \$70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of the Attorney General, and to be accounted for solely on his

certificate; \$88,000,000[: *Provided*, That the compensation of the Director of the Bureau shall be \$20,000 per annum so long as the position is held by the present incumbent].

INDEPENDENT OFFICES APPROPRIATION ACT, 1956

TITLE I—INDEPENDENT OFFICES

* * * * *

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

Salaries and expenses: For necessary expenses of the Committee, including [one Director at not to exceed \$17,500 per annum so long as the position is held by the present incumbent;] contracts for the making of special investigations and reports and for engineering, drafting and computing services; equipment; not to exceed \$330,000 for expenses of travel; maintenance and operation of aircraft; purchase of ten passenger motor vehicles for replacement only; not to exceed \$100 for newspapers and periodicals; uniforms or allowances therefor, as authorized by the Act of September 1, 1954 (68 Stat. 1114); and services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); \$60,135,000.



84TH CONGRESS
1ST SESSION

H. R. 7619

[Report No. 1474]

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 1955

Mr. MURRAY of Tennessee introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JULY 27, 1955

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Executives Pay
4 Act of 1955".

5 TITLE I—BASIC COMPENSATION FOR HEADS OF
6 EXECUTIVE DEPARTMENTS AND OTHER FED-
7 ERAL OFFICIALS

8 SEC. 101. The annual rate of basic compensation of the
9 head of each executive department and of the Secretary of
10 Defense shall be \$25,000.

1 SEC. 102. The annual rate of basic compensation of
2 the Deputy Secretary of Defense, of the Under Secretary
3 of State, of the Director, Office of Defense Mobilization,
4 of the Comptroller General of the United States, and of the
5 Director of the Bureau of the Budget shall be \$22,500.

6 SEC. 103. The annual rate of basic compensation of the
7 Secretary of the Army, of the Secretary of the Navy, of
8 the Secretary of the Air Force, of the Director of the
9 Federal Bureau of Investigation, Department of Justice,
10 and of the Director of Central Intelligence shall be \$22,000.

11 SEC. 104. Section 105 of title 3 of the United States
12 Code is amended to read as follows:

13 “COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMIN-
14 ISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

15 “§ 105. The President is authorized to fix the compensa-
16 tion of the six administrative assistants authorized to be
17 appointed under section 106 of this title, of the Executive
18 Secretary of the National Security Council, and of five
19 other secretaries or other immediate staff assistants in the
20 White House Office, as follows: Two at rates not exceeding
21 \$22,500 per annum, three at rates not exceeding \$21,000
22 per annum, and seven at rates not exceeding \$19,000 per
23 annum.”

24 SEC. 105. The annual rate of basic compensation for each

1 of the offices or positions listed in this section shall be
2 \$21,000, as follows:

3 (1) Each Under Secretary of an executive department
4 (other than the Department of State) ;

5 (2) The Deputy Postmaster General;

6 (3) The Administrator of Veterans' Affairs;

7 (4) The Administrator of General Services;

8 (5) The Administrator of the Housing and Home
9 Finance Agency;

10 (6) The Director of the International Cooperation
11 Administration;

12 (7) The Deputy Director of the Office of Defense
13 Mobilization;

14 (8) The Administrator of the Federal Civil Defense
15 Administration;

16 (9) The Chairman of the Renegotiation Board;

17 (10) The Director of the United States Information
18 Agency;

19 (11) The President of the Export-Import Bank of
20 Washington;

21 (12) The Governor of the Farm Credit Administration;

22 (13) The Chairman of the Council of Economic Ad-
23 visors;

24 (14) The Associate Director of the Federal Bureau of
25 Investigation, Department of Justice.

1 SEC. 106. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$20,000, as follows:

4 (1) The Assistant Comptroller General of the United
5 States;

6 (2) The Deputy Director of the Bureau of the Budget;

7 (3) The Under Secretary of the Army;

8 (4) The Under Secretary of the Navy;

9 (5) The Under Secretary of the Air Force;

10 (6) The Deputy Administrator of Veterans' Affairs;

11 (7) The Director of the Federal Mediation and Con-
12 ciliation Service;

13 (8) The Chairman of the United States Civil Service
14 Commission;

15 (9) Each member (other than the Chairman) of the
16 Council of Economic Advisors;

17 (10) Each member of the Board of Governors of the
18 Federal Reserve System;

19 (11) Each member of the Board of Directors of the
20 Federal Deposit Insurance Corporation;

21 (12) The Comptroller of the Currency;

22 (13) Each Deputy Under Secretary of the Department
23 of State;

24 (14) The First Vice President of the Export-Import
25 Bank of Washington;

1 (15) The Chairman of the Federal Maritime Board, De-
2 partment of Commerce;

3 (16) The Deputy Director of the United States In-
4 formation Agency;

5 (17) The Deputy Administrator of the Federal Civil
6 Defense Administration;

7 (18) The Deputy Director of the International Coopera-
8 tion Administration;

9 (19) The Deputy Director of Central Intelligence.

10 SEC. 107. (a) The annual rate of basic compensation
11 for each of the offices or positions listed in this section shall
12 be \$19,000, as follows:

13 (1) The Assistant to the Director of the Federal Bureau
14 of Investigation, Department of Justice;

15 (2) Each Assistant Secretary of an executive depart-
16 ment;

17 (3) Each Assistant Postmaster General;

18 (4) The Fiscal Assistant Secretary of the Treasury;

19 (5) The Director of the National Advisory Committee
20 for Aeronautics;

21 (6) Each member of the Civil Aeronautics Board;

22 (7) Each member of the Federal Communications
23 Commission;

24 (8) Each member of the Federal Power Commission;

25 (9) Each member of the Federal Trade Commission;

1 (10) Each member of the Interstate Commerce Com-
2 mission;

3 (11) Each member of the National Labor Relations
4 Board;

5 (12) Each member of the National Mediation Board;

6 (13) Each member of the Railroad Retirement Board;

7 (14) Each member of the Securities and Exchange
8 Commission;

9 (15) Each member of the Board of Directors of the
10 Tennessee Valley Authority;

11 (16) Each member (other than the Chairman) of the
12 United States Civil Service Commission;

13 (17) Each member of the United States Tariff Com-
14 mission;

15 (18) The General Counsel of the National Labor Re-
16 lations Board;

17 (19) The Deputy Administrator of General Services;

18 (20) The Archivist of the United States;

19 (21) The Commissioner of Internal Revenue;

20 (22) The Commissioner of Immigration and Natural-
21 ization;

22 (23) The Commissioner of Public Roads;

23 (24) The Administrator of Civil Aeronautics;

24 (25) The Administrator of the Rural Electrification
25 Administration;

- 1 (26) The Counselor of the Department of State;
- 2 (27) The Governor of Alaska;
- 3 (28) The Governor of Hawaii;
- 4 (29) The Governor of the Virgin Islands;
- 5 (30) The Governor of the Canal Zone;
- 6 (31) The Public Printer;
- 7 (32) The Librarian of Congress;
- 8 (33) The Architect of the Capitol;
- 9 (34) The President of the Federal National Mortgage
10 Association, Housing and Home Finance Agency;
- 11 (35) The Deputy Administrator of the Housing and
12 Home Finance Agency;
- 13 (36) Each member of the Home Loan Bank Board,
14 Housing and Home Finance Agency;
- 15 (37) The Public Housing Commissioner, Housing and
16 Home Finance Agency;
- 17 (38) The Federal Housing Commissioner, Housing and
18 Home Finance Agency;
- 19 (39) Each Assistant Secretary of the Army;
- 20 (40) Each Assistant Secretary of the Navy;
- 21 (41) Each Assistant Secretary of the Air Force;
- 22 (42) The Special Assistant to the Secretary (Health
23 and Medical Affairs), Department of Health, Education,
24 and Welfare;

1 (43) The Chairman of the Military Liaison Committee
2 to the Atomic Energy Commission, Department of Defense;

3 (44) The Administrator, Bureau of Security and Con-
4 sular Affairs, Department of State;

5 (45) Each member of the Board of Directors of the
6 Export-Import Bank of Washington;

7 (46) Each member of the Foreign Claims Settlement
8 Commission of the United States;

9 (47) Each member (other than the Chairman) of the
10 Federal Maritime Board, Department of Commerce;

11 (48) Each Assistant Director of the Bureau of the
12 Budget;

13 (49) Each member (other than the Chairman) of the
14 Renegotiation Board;

15 (50) The Administrator, Wage and Hour and Public
16 Contracts Divisions, Department of Labor;

17 (51) The Director of the National Science Foundation;

18 (52) Each member of the Subversive Activities Con-
19 trol Board;

20 (53) The Solicitor, General Counsel, Legal Adviser,
21 or other chief legal officer of each executive department
22 (excluding the Department of Justice);

23 (54) The ten assistant directors, International Coop-
24 eration Administration, designated under section 1 (d) of

1 Reorganization Plan No. 7 of 1953 and section 527 (b)
2 of the Mutual Security Act of 1954, respectively;

3 (55) The Administrator of the Saint Lawrence Sea-
4 way Development Corporation;

5 (56) The Administrator of the Small Business Ad-
6 ministration.

7 (b) The first sentence of section 603 of title 28 of
8 the United States Code (relating to the annual compensa-
9 tion of the Director of the Administrative Office of the United
10 States Courts) is amended to read as follows: "The Director
11 shall receive a salary of \$19,000 a year."

12 SEC. 108. The annual rate of basic compensation for
13 each of the offices or positions listed in this section shall be
14 \$17,500, as follows:

15 (1) The Associate Director of the Federal Mediation
16 and Conciliation Service;

17 (2) The Director of Selective Service;

18 (3) Each Commissioner of the Indian Claims Commis-
19 sion;

20 (4) Each Commissioner of the United States Court
21 of Claims;

22 (5) The Assistant Architect of the Capitol;

23 (6) The Chief Assistant Librarian of Congress;

24 (7) The Deputy Public Printer.

1 SEC. 109. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$17,000, as follows:

4 (1) The Treasurer of the United States;

5 (2) The Commissioner, Federal Supply Service, Gen-
6 eral Services Administration;

7 (3) The Director of the Bureau of Prisons, Department
8 of Justice;

9 (4) The Commissioner, Public Buildings Service, Gen-
10 eral Services Administration;

11 (5) The Commissioner of Social Security, Department
12 of Health, Education, and Welfare;

13 (6) The Commissioner of Reclamation, Department
14 of the Interior;

15 (7) The Commissioner of Customs, Department of the
16 Treasury;

17 (8) The Commissioner of Narcotics, Department of the
18 Treasury;

19 (9) The Administrator, Bonneville Power Adminis-
20 tration;

21 (10) The Deputy Administrator of the Saint Lawrence
22 Seaway Development Corporation;

23 (11) The Director, Division of Slum Clearance and
24 Urban Redevelopment, Housing and Home Finance Agency;

1 (12) The Director of Housing Research, Housing and
2 Home Finance Agency;

3 (13) Each Deputy Administrator, Small Business Ad-
4 ministration.

5 SEC. 110. Except as otherwise specifically provided in
6 this title, the chairman or other head of each independent
7 board or commission in the executive branch shall receive,
8 during the period of his service as chairman or other head
9 of such board or commission, annual basic compensation at
10 a rate which is \$500 more than the annual rate of basic
11 compensation prescribed by this title for the other members
12 of such board or commission.

13 TITLE II—INCREASES IN MAXIMUM LIMITA-
14 TIONS ON BASIC COMPENSATION UNDER
15 CLASSIFICATION ACT OF 1949 AND OTHER
16 LAWS

17 SEC. 201. (a) The compensation schedule for the Gen-
18 eral Schedule contained in section 603 (b) of the Classifica-
19 tion Act of 1949, as amended, is amended by striking out:

“GS-17----- 13,975 14,190 14,405 14,620
GS-18----- 14,800”

20 and inserting in lieu thereof:

“GS-17----- 13,975 14,190 14,405 14,620 14,835
GS-18----- 16,000”.

21 (b) The rates of basic compensation of officers and em-

1 employees to whom this section applies shall be initially ad-
2 justed as follows:

3 (1) If the officer or employee is receiving basic com-
4 pensation immediately prior to the effective date of this
5 Act at a scheduled rate of grade 17 or 18 of the General
6 Schedule, he shall receive a rate of basic compensation at
7 the corresponding scheduled rate in effect on and after such
8 date;

9 (2) If the officer or employee, immediately prior to the
10 effective date of this Act, is in a position in grade 17 of the
11 General Schedule and is receiving basic compensation at a
12 rate between two scheduled rates of such grade, he shall
13 receive a rate of basic compensation at the higher of the
14 two corresponding rates in effect on and after such date;

15 (3) If the officer or employee, immediately prior to
16 the effective date of this Act, is in a position in grade 17
17 of the General Schedule and is receiving basic compensation
18 at a rate which is in excess of the maximum scheduled rate
19 of his grade as provided in this section, he shall continue to
20 receive such higher rate of basic compensation until (A) he
21 leaves such position, or (B) he is entitled to receive basic
22 compensation at a higher rate by reason of the operation
23 of the Classification Act of 1949, as amended; but when
24 such position becomes vacant, the rate of basic compensation

1 of any subsequent appointee thereto shall be fixed in accord-
 2 ance with such Act, as amended.

3 SEC. 202. The Postal Field Service Schedule in section
 4 301 (a) of the Postal Field Service Compensation Act of
 5 1955 (Public Law 68, Eighty-fourth Congress) is amended
 6 by striking out:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

7 and inserting in lieu thereof:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200		
20-----	16, 000".						

7 SEC. 203. Section 3 of the Act of January 3, 1946,
 8 as amended (38 U. S. C., sec. 15b), is hereby amended as
 9 follows:

10 (1) The first paragraph of such section 3 as amended
 11 by paragraph (1) of the first section of the Act of October
 12 12, 1949 (63 Stat. 764), and the second and third para-
 13 graphs of subsection (b) of such section 3 as amended by
 14 paragraphs (3) and (4) of the first section of such Act
 15 of October 12, 1949, are hereby redesignated as subsections
 16 "(a)", "(c)", and "(d)", respectively, of section 3 of the
 17 Act of January 3, 1946;

18 (2) The last sentence of section 3 (b) is amended to
 19 read: "During the period of his service as such, the Chief
 20 Medical Director shall be paid a salary of \$17,800 a year.";

1 (3) The last sentence of section 3 (c), as redesign-
2 nated by paragraph (1) of this section, is amended to read:
3 “During the period of his service as such, the Deputy Chief
4 Medical Director shall be paid a salary of \$16,800 a year.”;
5 and

6 (4) That portion of the first sentence of section 3 (d),
7 as redesignated by paragraph (1) of this section, which
8 precedes the proviso in such sentence is amended to read:
9 “Each Assistant Chief Medical Director shall be appointed
10 by the Administrator upon the recommendation of the Chief
11 Medical Director and shall be paid a salary of \$15,800 a
12 year.”.

13 SEC. 204. (a) Subsection (c) of the first section of the
14 Act of August 1, 1947, as amended (5 U. S. C., secs. 171p,
15 230, 476, and 626t; 50 U. S. C., sec. 158), relating to
16 limitations on rates of basic compensation for research and
17 development positions requiring the services of specially
18 qualified scientific or professional personnel in the Depart-
19 ment of Defense and in the National Advisory Committee for
20 Aeronautics, is amended (1) by striking out “\$10,000” and
21 inserting in lieu thereof “\$12,500” and (2) by striking out
22 “\$15,000” and inserting in lieu thereof “\$17,500”.

23 (b) Section 208 (g) of the Public Health Service Act,
24 as amended (42 U. S. C., sec. 210 (g)), relating to limita-
25 tions on rates of basic compensation for research and develop-

1 ment positions requiring the services of specially qualified
2 scientific or professional personnel in the Public Health Serv-
3 ice, is amended (1) by striking out “\$10,000” and inserting
4 in lieu thereof “\$12,500” and (2) by striking out “\$15,000”
5 and inserting in lieu thereof “\$17,500”.

6 (c) Section 12 of the Act of May 29, 1884, as amended
7 (62 Stat. 198; 21 U. S. C., sec. 113a), relating to the
8 maximum limitation on basic compensation for positions of
9 technical experts or scientists for research and study of foot-
10 and-mouth disease and other animal diseases, is amended by
11 striking out “\$15,000” and inserting in lieu thereof
12 “\$17,500”.

13 (d) The amendments contained in subsections (a) and
14 (b) of this section shall not affect the authority of the
15 United States Civil Service Commission or the procedure for
16 fixing the pay of individual officers or employees under the
17 provisions of law amended by such subsections (a) and (b) ;
18 except that the rate of basic compensation in effect immedi-
19 ately prior to the effective date of this Act of any officer or
20 employee to whom the provisions of law amended by this
21 section apply, which is less than a basic rate of \$12,500 per
22 annum, shall be increased to such rate on such effective date.

23 TITLE III—GENERAL PROVISIONS

24 SEC. 301. The following provisions of law are hereby
25 repealed:

1 (1) The Act entitled "An Act to increase rates of
2 compensation of the heads and assistant heads of executive
3 departments and independent agencies", approved October
4 15, 1949 (Public Law 359, Eighty-first Congress; 63 Stat.
5 880), except section 2 (b), section 6 (b), section 6 (c),
6 section 6 (d), and section 9 thereof;

7 (2) That part of the paragraph under the heading
8 "Federal Bureau of Investigation" and under the subhead-
9 ing "Salaries and Expenses" contained in title II (the
10 Department of Justice Appropriation Act, 1956) of the
11 Departments of State and Justice, the Judiciary, and re-
12 lated agencies Appropriation Act, 1956 (Public Law 133,
13 Eighty-fourth Congress), which reads ": *Provided*, That
14 the compensation of the Director of the Bureau shall be
15 \$20,000 per annum so long as the position is held by the
16 present incumbent"; and

17 (3) That part of the first paragraph under the head-
18 ing "National Advisory Committee for Aeronautics" con-
19 tained in title I of the Independent Offices Appropriation
20 Act, 1956 (Public Law 112, Eighty-fourth Congress),
21 which reads "one Director at not to exceed \$17,500 per
22 annum so long as the position is held by the present
23 incumbent;".

24 SEC. 302. Nothing contained in this Act shall be held
25 or considered to affect the last proviso in the paragraph un-

1 der the heading "Federal Prison System" and under the
2 subheading "Salaries and Expenses, Bureau of Prisons" con-
3 tained in title II (the Department of Justice Appropriation
4 Act, 1956) of the Departments of State and Justice, the
5 Judiciary, and related agencies Appropriation Act, 1956
6 (Public Law 133, Eighty-fourth Congress), which reads
7 "*Provided further*, That hereafter the compensation of the
8 Director of the Bureau shall be \$17,500 per annum so long
9 as the position is held by the present incumbent".

10 SEC. 303. The rate of basic compensation of any officer
11 or employee of the Federal Government which is in effect
12 immediately prior to the effective date of this Act shall
13 not be reduced by reason of the enactment of this Act.

14 SEC. 304. This Act shall take effect at the beginning
15 of the first pay period following the date of enactment of
16 this Act.

[Report No. 1474]

A BILL

To adjust the rates of compensation of the heads
of the executive departments and of certain
other officials of the Federal Government,
and for other purposes.

By Mr. MURRAY of Tennessee

JULY 26, 1955

Referred to the Committee on Post Office and Civil
Service

JULY 27, 1955

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

H. R. 7619

(Proposed)

A BILL

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 29, 1955
For actions of July 28, 1955
84th-1st, No. 128

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HIGHLIGHTS: Senate passed bill for loans to small reclamation projects. House and Senate committees reported bills to increase CCC borrowing authority by \$2 billion. Senate committee voted to report executive pay bill. Senate committee reported bill to permit sale of CCC cotton at market prices and farm credit bill. Both Houses agreed to conference report on mutual security appropriation bill. House Rules Committee cleared sugar and housing bills. House committee reported National Farm-City Week measure. Sen. Flanders recommended donation of wheat to China. Sen. Anderson inserted Asst. Secretary Butz' recent Miss. speech.

SENATE

1. CCC BORROWING POWER. The Agriculture and Forestry Committee reported without amendment S. 2604, to increase the CCC borrowing power from \$10 billion to \$12 billion (S. Rept. 1200)(p. 10138).
2. CCC COTTON. The Agriculture and Forestry Committee reported with amendment S. 2446, to permit sale of CCC stocks of cotton that are in excess supply for unrestricted use at current market prices (S. Rept. 1199)(p. 10138).
3. FARM CREDIT. The Agriculture and Forestry Committee reported with amendment H. R. 5168, to provide for retirement of the Government capital in certain institutions operating under supervision of FCA, and to increase borrower participation in the management and control of the Federal Farm Credit System (S. Rept. 1201)(p. 10138).

4. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2402, to increase annuities for retired employees (S. Rept. 1176)(p. 10137). During calendar call, the bill was passed over at the request of several Senators (p. 10198).

The Post Office and Civil Service Committee ordered reported (amended) S. 2628, to increase the pay of department heads and other major Federal officials (p. D804).

5. LEGISLATIVE APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 7117, which includes items for GPO and the Library of Congress (S. Rept. 1181)(p. 10158).
6. ACCOUNTING. The Government Operations Committee reported without amendment H. R. 7034, which authorizes the Comptroller General to relieve a disbursing officer of accountability under certain circumstances (S. Rept. 1185), and H. R. 7035, to authorize the Comptroller General to reimburse funds to disbursing officers under certain conditions (S. Rept. 1186)(p. 10138). See Digest 115 for provisions of these bills.
7. EXTENSION WORK. The Government Operations Committee reported without amendment H. J. Res. 276, to authorize the Texas Hill Country Development Foundation to convey certain land to Kerr County, Tex. (S. Rept. 1187)(p. 10138).
8. FEES AND CHARGES. The Government Operations Committee reported with amendment S. Res. 140, relative to the establishment of uniform fees and charges by Government agencies for work or other things of value performed by them (S. Rept. 1184)(p. 10138).
9. TEXTILES. The Interstate and Foreign Commerce Committee reported without amendment S. 1455, to amend the Flammable Fabrics Act to exempt scarves which do not represent an unusual hazard (S. Rept. 1204)(p. 10138).
10. RICE ALLOTMENTS. The Agriculture and Forestry Committee reported with amendments S. 2511, to provide that no rice national acreage allotment shall be established which is less than 75% of the final allotment established for the immediately preceding year (S. Rept. 1218)(p. 10138).
11. PROPERTY. The Government Operations Committee reported with amendments S. 2591, to amend Sec. 602 of the Federal Property and Administrative Services Act with respect to utilization and disposal of excess and surplus property under the control of the executive agencies (S. Rept. 1183)(p. 10138).
12. RECORDS MANAGEMENT. The Government Operations Committee reported without amendment S. 2364, to amend the Federal Property and Administrative Services Act so as to give GSA additional control over records-management work of the executive departments and agencies (S. Rept. 1182)(p. 10138).
13. MINIMUM WAGE. Sen. Goldwater suggested that State enactment of minimum wage regulations would avoid the imposition of Federal control in this matter (pp. 10205-6).

under and in conformity with regulations which the Secretary of the Treasury is required to prescribe and issue under the provisions of the conference substitute..."

35. LEGISLATIVE PROGRAM. Acting Majority Leader Albert announced that today the housing bill will be considered and that on Saturday the Private and Consent Calendars will be called (pp. 10321, 10327).

BILLS INTRODUCED

36. SURPLUS PROPERTY. S. 2668, by Sen. McClellan, to amend the Federal Property and Administrative Services Act of 1949, as amended, regarding advertised and negotiated disposals of surplus property; to Government Operations Committee (p. 10139).
37. EDUCATION. S. 2670, by Sen. Hill, to amend Public Laws 815 and 874, 81st Congress, which provide for assistance to local educational agencies in areas affected by Federal activities; to Labor and Public Welfare Committee (p. 10139).
38. CLAIMS. H. R. 7658, by Rep. Church, and H. R. 7688, by Rep. Hiestand, relating to the payment of certain claims against the Government where the appropriations therefor have lapsed; to Government Operations Committee (p. 10336).
39. ROADS. H. R. 7659, by Rep. Scudder, and H. R. 7669, by Rep. Wright, to amend and supplement the Federal Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways; to Public Works Committee (p. 10336).
40. BUILDINGS; CONTRACTS. H. R. 7668, by Rep. Priest, H. R. 7676, by Rep. Wright, H. R. 7686, by Rep. Bray, and H. R. 7693, by Rep. Madden, to prescribe policy and procedure in connection with construction contracts made by executive agencies; to Judiciary Committee (p. 10336).
41. PERSONNEL. H. R. 7660, by Rep. Church, H. R. 7691, by Rep. Hiestand, H. R. 7696, by Rep. Cramer, and H. R. 7699, by Rep. Gray, "to amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended;" to Post Office and Civil Service Committee (p. 10336).
42. LIVESTOCK. H. R. 7672, by Rep. Hiestand, to prohibit the transportation in interstate or foreign commerce of meat or other products from livestock or poultry not slaughtered by a humane method; to Agriculture Committee (p. 10336).

ITEMS IN APPENDIX

43. ROADS. Extension of remarks of Rep. Jenkins attempting to analyze the confused state of affairs which led to the defeat of both the Administration's and the Senate's highway bills (pp. A5571-2).
- Extension of remarks of Rep. Cramer, reporting the results of a telephone poll of his (1st, Fla.) district, which indicated that over 77% of his constituents favored the tax-supported road bill, as opposed to that sponsored by the Administration (pp. A5585-6).

44. GRAINS: CORN. Rep. King inserted a Philadelphia Inquirer article criticizing price supports and suggesting that, by way of Canada, U. S. corn may be delivered in Russia at less than market prices (p. A5573).
45. FARM PROGRAM. Sen. Neely inserted an article from the Democratic Digest which evaluated the record of President Eisenhower and expressed the opinion that he has not been well informed concerning some pressing farm problems (pp. A5574-5).
46. WILDLIFE. Extension of remarks by Rep. Sikes, mentioning his bill, H. R. 5442, "to promote effectual planning ... of wildlife, fish and game conservation ... in military reservations," and including an article, "G. I. Conservation," by a well-known conservationist (pp. A5578-9).
47. MONOPOLIES. Sen. O'Mahoney inserted an article from the Democratic Digest giving instances of alleged rapid growth of monopolies under the Eisenhower administration (pp. A5581-2).
48. COTTON; FARM PRODUCTS. Sen. Anderson inserted a speech delivered by Assistant Secretary Butz at Mississippi State College, describing the importance of cotton to the South and outlining the development of Southern agriculture and the improvement in living conditions in the South during the past 20 years (pp. A5582-5).
49. DAIRY INDUSTRY. Extension of remarks by Rep. Zablocki commending his colleague, Rep. Johnson, Wis., for his interest in the dairy farmers of their state and discussing the importance of a healthy dairy industry to the economic well-being of Wisconsin (p. A5597).
50. WHEAT. Sen. Neuberger inserted a letter from the Oregon Wheat Commission describing an ingenious plan to borrow and popularize foreign ways of utilizing wheat, citing the success of a California restaurant which features an Armenian special, "pilaff" (p. A5589).
- Rep. Harrison inserted a press release by Secretary Benson and official correspondence by the Secretary and by Assistant Secretary Peterson concerning "growing wheat on controlled acres for the purpose of feed and seed without being subject to the penalty provisions of the present agriculture act" (pp. A5605-7).
51. FARM LABOR. Sen. Douglas inserted some Senate debate in which he discussed the bill extending the Mexican contract farm labor program and inserted a Denver Post article describing the plight of American migratory farm workers (p. A5593).

HOUSE (CONTINUED)

52. PERSONNEL. H. R. 7619, as reported (see Digest 127), increases the pay of certain Government officials, including the following provisions:
- Adds a fifth salary rate of \$14,835 at the end of the present pay scale of GS-17, which now consists of 4 steps, but makes no change in the rates for the first 4 steps.
- Increases the present single rate of \$14,800 for GS-18 to a single rate of \$16,000.
- Increases from \$15,000 to \$17,500 the maximum pay for not to exceed 5 USDA specialists in research on food-and-mouth and other animal diseases.

Provides for specific salaries, including the following: Department heads, \$25,000; Director of Defense Mobilization, Comptroller General, and Director of the Budget, \$22,500; White House staff members, \$22,500, \$21,000, and \$19,000; each Under Secretary (except State Department), Administrator of Veterans' Affairs, Administrator of General Services, Administrator of Housing and Home Finance Agency, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, Governor of FCA, and Chairman of Council of Economic Advisers, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and each member (other than Chairman) of Council of Economic Advisers, \$20,000; each Assistant Secretary of an executive department, Fiscal Assistant Secretary of the Treasury, members of Interstate Commerce Commission, Deputy Administrator of General Services, Archivist, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of the Budget Bureau, Director of National Science Foundation, and General Counsel (or comparable officer) of each department (except Justice), \$19,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Service, and Commissioner of Reclamation, \$17,000.

The bill would be effective with the beginning of the first pay period after enactment.

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~~COMMITTEE HEARING ANNOUNCEMENTS FOR JULY-27: (additional): Increase in contributions to FAO, S. Foreign Relations (Roberts).
JULY 28 (additional): Amendments to cotton allotments-quotas law, S. Agriculture (McConnell, Rhodes). Sale of CCC stocks without restriction where similar commodities are exported, H. Agriculture (McConnell, Rhodes).
JULY 29: Conference on supplemental appropriation bill (exec.).~~

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 1, 1955
For actions of July 29 and 30, 1955
84th-1st, Nos. 129 and 130

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HIGHLIGHTS: Senate passed bills to increase CCC borrowing authority, permit sale of CCC cotton at market prices, authorize relief of accountable officers, and retire Government capital in certain FCA institutions. House passed bills to continue housing program, increase annuities of retired employees, permit ACP payments on certain Federal lands and for water conservation, strengthen Perishable Agricultural Commodities Act, provide penalties for false grade markings, facilitate farm loans, consolidate experiment stations authorizations, authorize increased CEA fees, expand Trade Development Act, authorize additional extension work, extend Defense Production Act, extend sugar program, authorize national forest townsites, authorize fund advances for forest research, amend tobacco and rice allotments-quotas laws, increase pay of major officials, provide retirement credit for certain State service. Both Houses agreed to conference reports on supplemental appropriation bill and bill to purchase employee bonds. House agreed to conference reports on bills to extend Mexican farm labor program, authorize distribution of flour and meal to needy, and authorize study of Alaska water resources. Senate debated measure to increase contributions to FAO. Senate committee reported bill to increase pay of major officials. House committee reported bill to provide loans for central markets. Sen. Johnston objected to cotton exports at reduced prices. Sen. Symington criticized administration of farm program.

SENATE - July 29

1. CCC BORROWING POWER. Passed without amendment S. 2604, to increase the borrowing power of CCC from \$10 billion to \$12 billion (pp. 10541-3).
2. CCC COTTON. Passed as reported S. 2446, to permit sale of CCC cotton stocks that are in excess supply for unrestricted use at current market prices (p. 10548).
Sen. Johnston read a news item stating that this Department has apparently abandoned for the time being plans to offer U. S. cotton abroad at reduced prices, spoke against such plans, and stated that the Agriculture and Forestry Committee will study this subject during the recess. Sen. Humphrey concurred in Sen. Johnston's statement. (p. 10516.)
3. LEGISLATIVE APPROPRIATION BILL, 1956. Passed with amendments this bill, H. R. 7117, which includes funds for GPO and the Library of Congress (pp. 10349-60). Agreed to an amendment by Sen. Humphrey to add \$50,000 for the Commission on Government Security (p. 10353). Sen. Robertson said Congress has made progress toward a balanced budget and inserted a table showing action on the various appropriation bills (pp. 10358-9). Senate and House conferees were appointed (pp. 10360, 10444).
4. BONDING EMPLOYEES. Agreed to the conference report on H. R. 4778, to provide for purchase of bonds to cover Government employees (p. 10386).
5. MINIMUM WAGE. Agreed to the conference report on S. 2168, to increase the minimum wage, under the Fair Labor Standards Act, to \$1 per hour, effective Mar. 1, 1956 (pp. 10546-7).
6. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 2628, to increase the pay of department heads and other major officials (S. Rept. 1257)(p. 10340).
The Committee reported without amendment H. R. 6590, to prohibit employment by the Government of persons who are disloyal or who participate in or assert the right to strike against the Government (S. Rept. 1256)(p. 10340).
7. EDUCATION. The Labor and Public Welfare Committee reported without amendment S. 2670, to provide for continued Federal assistance to local educational agencies affected by Federal activities (S. Rept. 1251)(p. 10341).
8. PROPERTY; TAXATION. The Government Operations Committee reported with amendment S. 2377, to amend the Federal Property and Administrative Services Act to make temporary provision for payments in lieu of taxes with respect to real property transferred by RFC to other Government departments (S. Rept. 1253)(p. 10341).
9. LAW CODIFICATION. Sen. Holland submitted an amendment which he intends to propose to H. R. 6991, to codify and enact U. S. C., title 21, regarding foods, animal diseases, etc. (p. 10343).
10. REORGANIZATION. Sen. Butler commended the Hoover Commission and inserted various articles on this subject (pp. 10345-9).
11. ROADS. Sen. Case, S. Dak., announced his intention of proposing an amendment to H. R. 6417 (a bill on another subject) to increase the Federal-aid road authorization to \$575 million in order that the road question may be decided this year under a procedure which "leaves out all side issues" (p. 10468).
12. ELECTRIFICATION. Sen. Neuberger commended the late Sen. McNary's record favoring public power (pp. 10516-18).

THE EXECUTIVE PAY ACT OF 1955

JULY 29, 1955.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Civil Service, submitted the following

R E P O R T

[To accompany S. 2628]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2628) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

STATEMENT

This bill was introduced and considered in response to a request of the President of the United States for legislative action to improve the top pay scales in the executive branch of the Government. The President's letter of July 15, 1955, follows:

THE WHITE HOUSE,
Washington, July 15, 1955.

HON. OLIN D. JOHNSTON,
Chairman, Committee on Post Office and Civil Service,
United States Senate, Washington, D. C.

DEAR SENATOR JOHNSTON: The Government must provide executive salary rates which will permit able men to lend their talents for substantial periods of time to the conduct of governmental affairs without excessive financial sacrifice. Experience in every kind of endeavor shows that effective top leadership is reflected at every working level of an organization. So vast and complex an establishment as modern Government must have the very best leadership. At present, the disparity is far too great between the financial rewards of executive leadership in private industry and the compensation provided for equivalent responsibilities in Government. It is neither necessary nor desirable that the Government compete with industry for its administrators solely on a financial basis. Government has many nonmonetary attractions which will always appeal to public-spirited men and women. Nevertheless, the top pay scales in Government must be improved sufficiently to enable the Nation's most capable men to respond, when they are needed, to the call of public service.

During this session, the Congress has provided a pay increase for its own Members, for members of the judicial branch, and for certain selected positions

in the executive branch formerly included under the Executive Pay Act. It has also provided increases for the military, for the postal field service, and for the classified civil service, excepting those positions in grade GS-18 of the classified service where statutory ceilings prevented needed adjustments. This pay legislation has been a major accomplishment in the modernization of Federal salary schedules from top to bottom. It is now of vital importance that the pay rates for positions covered by the Executive Pay Act and other related statutes be increased appropriately.

For 85 years the pay for Cabinet members has been 50 percent to 60 percent higher than the pay of Members of Congress. I have always felt that this differential has been excessive and was pleased when the Members' pay was recently increased. The effect of Public Law 9 was to put congressional pay on the same level as that of Cabinet officers. Reestablishment of the traditional relationship would require that Cabinet pay be increased from \$22,500 to \$33,750. I consider such an increase to be neither desirable nor necessary and suggest that the Cabinet rate be increased to a level of \$25,000.

Already the Congress has established a pattern for the levels of Under Secretary and Assistant Secretary, for in Public Law 9 the Congress in this session approved a salary of \$21,000 for the Deputy Attorney General and \$20,000 for the Assistant Attorneys General. This pattern was recently reconfirmed by the Senate when it approved S. 2237, providing the same pay levels for the Under Secretary and Assistant Secretaries of State.

Continuing this general pattern, it appears desirable to fix the Assistant Secretary level throughout the Government at \$20,000 and the same rate for members of boards and commissions.

It is also necessary to provide a progressive relationship between the Executive Pay Act and related rates for the top positions under the pay scales of the Classification Act, the Postal Pay Act, and the Foreign Service Act. This could be provided in the case of the Classification Act, with comparable adjustments in the other pay scales, by raising the maximum pay of grade GS-18 to a level of \$17,500. These suggestions would provide a framework for creating proper relationships between the executive pay area, statutory pay scales, and those positions created by special legislative authority.

I believe that revisions in accordance with these suggestions would give proper weight to the responsibilities of these positions, qualifications required for executive performance, and the exacting demands of work and working conditions in the top levels of the Government structure. The proposed pay scales would help to attract and retain the competent administrators and advisers without subjecting them and their families to economic setbacks so great as to outweigh the non-monetary attractions of Government employment. Action along these lines is urgently needed in the interests of Government efficiency, fairness to individuals who devote their exceptional talents to public service in the top rungs of Government, and proper relationship of the various salary scales and systems of the Government.

I earnestly hope that such legislation can be approved by the Congress before this session adjourns.

Sincerely,

DWIGHT D. EISENHOWER.

There has been only a relatively short time available in which to study the details of the President's proposals. There has been no opportunity for hearings. Because of the responsibility of the President for the selection or nomination and the effective performance of heads of departments and agencies and other topmost administrators and other executives, the committee felt that the Congress should give immediate consideration to his request. The committee unanimously reports S. 2628 with a few minor amendments to accomplish what seem to be needed corrections or adjustments.

AMENDMENTS

The amendments are as follows:

- (1) Page 2, line 5, after the word "Defense" insert a comma and the following: "of the Comptroller General of the United States,".
- (2) Page 2, lines 18 and 19, strike out "the Comptroller General of the United States,".
- (3) Page 3, lines 2 and 3, strike out "the Deputy Administrator of Veterans' Affairs,".
- (4) Page 3, line 16, strike out "Administration" and insert "Administrator".
- (5) On page 3, line 18, after the comma insert " 'the Chief of Staff of the Joint Committee on Internal Revenue Taxation', 'the Architect of the Capitol', ".
- (6) Page 4, line 1, after the word "Intelligence" insert a comma and the following: "the Administrator of the Saint Lawrence Seaway Development Corporation, the Administrator of the Small Business Administration, the Director of Selective Service,".
- (7) Page 4, line 11, strike out "and".
- (8) Page 4, line 12, after the word "Expediter" insert " 'the Director of Selective Service', 'the Assistant Architect of the Capitol' ".
- (9) Page 4, line 17, change the period to a semicolon and insert the following:
and (C) by inserting 'the Deputy Administrator of the Saint Lawrence Seaway Development Corporation, and each Deputy Administrator, Small Business Administration, and the Chief of Staff of the Joint Committee on Internal Revenue Taxation
- (10) Page 9, line 15, strike out the figure "17,500".

EXPLANATION OF AMENDMENTS

Amendments (1) and (2).—These amendments increase from \$21,000 per annum to \$22,500 per annum the proposed salary rate for the Comptroller General of the United States.

Amendments (3) and (4).—These amendments are to correct clerical errors.

Amendment (5).—This amendment eliminates the Architect of the Capitol from the bill inasmuch as a provision fixing his compensation is included in the legislative branch appropriation bill. The amendment also transfers the Chief of Staff of the Joint Committee on Internal Revenue Taxation from the proposed \$20,000 category to the proposed \$17,500 category.

Amendments (6), (7), (8), and (9).—The effect of these amendments is to increase from \$17,500 to \$20,000 the proposed salary rate for the position of Director of Selective Service (the present incumbent is paid according to his rank in the Armed Services); to fix a proposed salary rate of \$20,000 for the Administrator of the St. Lawrence Seaway Development Corporation and the Administrator of the Small Business Administration as compared with \$21,000 in the administration's proposal; and to fix a proposed salary rate of \$17,500 for the Deputy Administrator of the St. Lawrence Seaway Development Corporation and each Deputy Administrator, Small Business Administration, in lieu of \$20,500 and \$20,000, respectively, involved in the proposal by the executive branch.

Amendment (10).—The purpose of this amendment is to recognize the fact that under Public Law 68, 84th Congress, the postal field schedule rates may be supplemented by a maximum amount of 3 longevity increases of \$100 each. Consequently, to parallel the \$17,500 ceiling of the general schedule of the Classification Act of 1949, as proposed by the administration, the scheduled figure in the postal field service schedule should be \$17,200.

EXPLANATION OF THE BILL AS REPORTED

The bill has eight titles as follows:

- I. Executive Pay Act Amendments of 1955
- II. Statutory Salary Rate Amendments of 1955
- III. Classification Act Amendments of 1955
- IV. Foreign Service Act Amendments of 1955
- V. Postal Field Service Amendments of 1955
- VI. Veterans' Administration Medicine and Surgery Amendments of 1955.
- VII. Research and Development Salary Amendments of 1955
- VIII. Effective Date

TITLE I—EXECUTIVE PAY ACT AMENDMENTS OF 1955; TITLE II—STATUTORY SALARY RATE AMENDMENTS OF 1955

Titles I and II (sec. 202) increase top executive salary rates. They revise the Executive Pay Act, Public Law 359, 81st Congress, approved October 15, 1949, and increase the rates of pay provided by that act and by several other statutes and reorganization plans that presently fix rates for positions comparable to those in the Executive Pay Act.

Following is a consolidated list of the positions covered by title I and section 202 of the bill, arranged according to proposed salary rates, and showing the existing salary rate for each position.

Positions covered by title I and sec. 202 of the bill, as amended

<i>Title</i>		
Positions at \$25,000 proposed rate:		<i>Present salary</i>
Secretary of State	-----	\$22, 500
Secretary of the Treasury	-----	22, 500
Attorney General	-----	22, 500
Postmaster General	-----	22, 500
Secretary of the Interior	-----	22, 500
Secretary of Agriculture	-----	22, 500
Secretary of Commerce	-----	22, 500
Secretary of Labor	-----	22, 500
Secretary of Health, Education, and Welfare	-----	22, 500
Secretary of Defense	-----	22, 500
Director, Office of Defense Mobilization	-----	22, 500
Director of the Bureau of the Budget	-----	17, 500
Total, 12.		
Positions at \$22,500 proposed rate:		
Deputy Secretary of Defense	-----	20, 000
Under Secretary of State	-----	17, 500
Administrative Assistants to the President (2)	-----	¹ 20, 000
Comptroller General of the United States	-----	17, 500
Total, 5.		

¹ Not to exceed.

Positions covered by title I and sec. 202 of the bill, as amended—Continued

<i>Title</i>		
Positions at \$22,000 proposed rate:		<i>Present salary</i>
Secretary of the Army	-----	\$18, 000
Secretary of the Navy	-----	18, 000
Secretary of the Air Force	-----	18, 000
Director of the Federal Bureau of Investigation	-----	20, 000
Director of Central Intelligence	-----	16, 000
Administrator of Veterans' Affairs	-----	17, 500
Total, 6.		
Positions at \$21,000 proposed rate:		
Administrative Assistants to the President (3)	-----	¹ 18, 000
Under Secretary of the Treasury	-----	17, 500
Under Secretary of the Treasury for Monetary Affairs	-----	17, 500
Under Secretary of the Interior	-----	17, 500
Under Secretary of Agriculture	-----	17, 500
Under Secretary of Commerce	-----	17, 500
Under Secretary of Commerce for Transportation	-----	17, 500
Under Secretary of Labor	-----	17, 500
Under Secretary of Health, Education, and Welfare	-----	17, 500
Deputy Postmaster General	-----	17, 500
Deputy Administrator of Veterans' Affairs	-----	16, 000
Administrator of General Services	-----	17, 500
Administrator of the Housing and Home Finance Agency	-----	17, 500
Director of the International Cooperation Administration	-----	17, 500
Deputy Director of the Office of Defense Mobilization	-----	17, 500
Administrator of the Federal Civil Defense Administration	-----	17, 500
Chairman of the Renegotiation Board	-----	17, 500
Director of the United States Information Agency	-----	17, 500
President of the Export-Import Bank of Washington	-----	17, 500
Governor of the Farm Credit Administration	-----	¹ 17, 500
Total, 22.		
Positions at \$20,500 proposed rate:		
Assistant Comptroller General of the United States	-----	16, 000
Deputy Director of the Bureau of the Budget	-----	16, 000
Director of the Federal Mediation and Conciliation Service	-----	16, 000
Chairman of the United States Civil Service Commission	-----	16, 000
Members of the Council of Economic Advisers (3)	-----	16, 000
Members of the Board of Governors of the Federal Reserve System (7)	-----	16, 000
Members of the Board of Directors of the Federal Deposit Insurance Corporation (2)	-----	16, 000
Comptroller of the Currency	-----	16, 000
Each Deputy Under Secretary of an executive department (2)	-----	15, 000
First Vice President of the Export-Import Bank of Washington	-----	16, 000
Chairman of the Federal Maritime Board, Commerce	-----	16, 000
Deputy Director of the United States Information Agency	-----	16, 000
Deputy Administrator of the Federal Civil Defense Administration	-----	16, 000
Total, 23.		
Positions at \$20,000 proposed rate:		
Administrative Assistants and staff assistants to the President (7)	-----	15, 000
Associate Director of the Federal Bureau of Investigation	-----	17, 500
Deputy Director of Central Intelligence	-----	14, 800
Administrator of the St. Lawrence Seaway Development Corporation	-----	17, 500
Administrator of the Small Business Administration	-----	17, 500
Director of Selective Service	-----	14, 800
Assistant Secretaries of State (8)	-----	15, 000
Assistant Secretaries of the Treasury (3)	-----	15, 000
Assistant Secretaries of Agriculture (3)	-----	15, 000
Assistant Secretaries of Commerce (3)	-----	15, 000
Assistant Secretaries of Labor (3)	-----	15, 000
Assistant Secretaries of Defense (9)	-----	15, 000
Assistant Secretaries of the Interior (3)	-----	15, 000
Assistant Secretaries of Health, Education, and Welfare (2)	-----	15, 000

¹ Not to exceed.

Positions covered by title I and sec. 202 of the bill, as amended—Continued

<i>Title</i>	
Positions at \$20,000 proposed rate—Continued	
	<i>Present salary</i>
Assistant Postmasters General (5)	\$15, 000
Fiscal Assistant Secretary of the Treasury	15, 000
Director of the National Advisory Committee for Aeronautics ..	17, 500
Members of the Civil Aeronautics Board (5) ²	15, 000
Members of the Federal Communications Commission (7)	15, 000
Members of the Federal Power Commission (5)	15, 000
Members of the Federal Trade Commission (5)	15, 000
Members of the Interstate Commerce Commission (11)	15, 000
Members of the National Labor Relations Board (5)	15, 000
Members of the National Mediation Board (3)	15, 000
Members of the Railroad Retirement Board (3)	15, 000
Members of the Securities and Exchange Commission (5)	15, 000
Members of the Board of Directors of the Tennessee Valley Au- thority (3)	15, 000
Members (other than the Chairman) of the United States Civil Service Commission (2)	15, 000
Members of the United States Tariff Commission (6)	15, 000
General Counsel of the National Labor Relations Board	15, 000
Deputy Administrator of General Services	15, 000
Archivist of the United States	15, 000
Administrator of the Production and Marketing Administration ..	15, 000
Commissioner of Internal Revenue	15, 000
Commissioner of Immigration and Naturalization	17, 500
Commissioner of Public Roads	15, 000
Administrator of Civil Aeronautics	15, 000
Administrator of the Rural Electrification Administration	15, 000
Counselor of the Department of State	15, 000
Governor of Alaska	15, 000
Governor of Hawaii	15, 000
Governor of the Virgin Islands	15, 000
Governor of the Canal Zone	15, 000
Public Printer	15, 000
Librarian of Congress	15, 000
President of the Federal National Mortgage Association	15, 000
Deputy Administrator of the Housing and Home Finance Agency ..	15, 000
Members of the Home Loan Bank Board (3)	15, 000
Public Housing Commissioner	15, 000
Federal Housing Commissioner	15, 000
Under Secretary of the Army	15, 000
Under Secretary of the Navy	15, 000
Under Secretary of the Air Force	15, 000
Each Assistant Secretary of the Army (4)	15, 000
Each Assistant Secretary of the Navy (4)	15, 000
Each Assistant Secretary of the Air Force (4)	15, 000
Special Assistant to the Secretary (Health and Medical Affairs), Department of Health, Education, and Welfare	15, 000
Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense	15, 000
Administrator, Bureau of Security and Consular Affairs, Depart- ment of State	15, 000
Members of the Board of Directors of the Export-Import Bank of Washington (3)	15, 000
Members of the Foreign Claims Settlement Commission (3)	15, 000
Members (other than the Chairman) of the Federal Maritime Board, Department of Commerce (2)	15, 000
Each Assistant Director of the Bureau of the Budget (2)	15, 000
Members (other than the Chairman) of the Renegotiation Board (4)	15, 000
Administrator, Wage and Hour and Public Contracts Divisions, Department of Labor	15, 000
Members of the Subversive Activities Control Board (5)	15, 000
Director, National Science Foundation	15, 000

² Chairmen of boards or commissions, \$20,500 unless higher rate is prescribed by law.

*Positions covered by title I and sec. 202 of the bill, as amended—Continued**Title***Positions at \$20,000 proposed rate—Continued**

Legal adviser, solicitor, or general counsel of an executive department when required to be appointed by the President:	<i>Present salary</i>
(4)-----	\$14, 800
(2)-----	15, 000
Director, Administrative Office of the United States Courts.....	15, 000
Director, Division of Slum Clearance and Urban Redevelopment.....	15, 000
Director of Housing Research.....	15, 000
Total, 184.	

Positions at \$17,500 proposed rate:

Associate Director of the Federal Mediation and Conciliation Service.....	14, 800
Commissioners of the Indian Claims Commission (3).....	14, 800
Commissioners of the United States Court of Claims (11).....	14, 800
Chief Assistant Librarian of Congress.....	14, 800
Deputy Public Printer.....	14, 800
Commissioner, Federal Supply Service, General Services Administration.....	14, 800
Director of the Bureau of Prisons.....	17, 500
Commissioner, Public Buildings Service.....	14, 800
Commissioner for Social Security.....	14, 800
Commissioner of Reclamation.....	14, 800
Commissioner of Customs.....	14, 800
Commissioner of Narcotics.....	14, 800
Administrator, Bonneville Power Administration.....	14, 800
Deputy Administrator of the St. Lawrence Seaway Development Corporation.....	16, 000
Deputy Administrators, Small Business Administration (3).....	15, 000
Director, Division of Community Facilities and Special Operations, and Commissioner, Community Facilities Service, Housing and Home Finance Agency.....	14, 800
Administrator of the Soil Conservation Service, Department of Agriculture.....	14, 800
Chief of the Forest Service, Department of Agriculture.....	14, 800
Administrator of the Farmers Home Administration.....	14, 800
Manager of the Federal Crop Insurance Corporation, Department of Agriculture.....	14, 800
The Chief of Staff of the Joint Committee on Internal Revenue Taxation.....	14, 800
Total, 35.	

Section 203 excludes from the effect of the bill the salary rates of the top positions in the Atomic Energy Commission and those fixed under Public Law 9, 84th Congress, approved March 2, 1955, such as the \$20,000 rate for Assistant Attorneys General.

Section 204 amends Reorganization Plan No. 7 of 1953. This plan authorized in the Foreign Operations Administration (now the International Cooperation Administration) 2 offices at \$16,000 per annum and 4 offices at \$15,000 per annum. Each is required to be filled by Presidential appointment by and with the advice and consent of the Senate. Executive Order 10610 abolished the Foreign Operations Administration effective June 30, 1955, and established in lieu thereof the International Cooperation Administration within the Department of State. In view of the changes in salary levels proposed generally in this bill, it is necessary that the compensation of the six offices referred to be similarly adjusted so that their rates may bear a proper relationship to the rates for Assistant Secretaries of State and Deputy Under Secretaries of State. Section 204 accordingly would permit the Secretary of State to fix the rates of pay for each of these 6 offices within a range of pay using the Assistant Secretary (\$20,000) rate as a minimum and the Deputy Under Secretary (\$20,500) rate as a maximum.

Section 205 amends Public Law 565 approved July 30, 1946. This law provides in part that representatives and alternates of the United States to UNESCO shall—

be entitled to receive compensation at such rates not to exceed \$12,000 per annum as the President may determine for such period as the President may specify.

Since the time that this maximum limitation was established in 1946 there have been several upward adjustments in Federal salaries.

The purpose of section 205 is to increase this maximum limitation upward to a reasonable extent to permit the fixing of salaries on a comparable basis between representatives and alternates to UNESCO and other related positions. The bill provides a limitation of \$15,000.

Section 206 amends Mutual Security Act maximum salary limitations. The Mutual Security Act of 1954, Public Law 665, 83d Congress, permitted 60 positions in the United States to be compensated without regard to the provisions of the Classification Act of 1949, as amended. It set up certain restrictions on the salaries that could be paid. Not more than 35 of the 60 positions could be paid more than the top rate of grade GS-15 (now \$12,690). Not to exceed 15 of these 35 could be paid more than the highest rate of the general schedule (\$14,800) but none of these could be paid more than \$15,000 per annum.

At that time the \$15,000 limitation was the same as the rate for Assistant Secretaries of State. To conform with the proposed change from \$15,000 to \$20,000 in the salary rate for Assistant Secretaries of State and of other executive departments, the \$15,000 maximum limitation contained in the Mutual Security Act of 1954 is raised correspondingly.

The purpose of section 206 is to permit the Secretary of State to establish an appropriate rate of salary for 15 positions authorized by the Mutual Security Act of 1954 to be paid more than the maximum rate of the Classification Act, but not in excess of the rate for Assistant Secretaries of State.

TITLE III—CLASSIFICATION ACT AMENDMENTS OF 1955

Title III raises the ceiling of the pay schedules of the general schedule of the Classification Act of 1949, as amended. The changes are as follows:

1. A salary rate of \$14,835 is added at the end of the present pay scale of GS-17 which now consists of 4 rates. This change restores to 5 the number of pay rates in this grade. Public Law 94, June 28, 1955, required the reduction of GS-17 to 4 rates in order that the top rate should not overlap GS-18. No change is made in the 4 existing rates of GS-17 and persons now in that grade will not through initial conversion receive a pay increase under the bill. The fifth rate must be earned through length of service according to the usual rules. The effect of the change is to increase the spread in GS-17; that is, the difference between the minimum and the maximum, from \$645 to \$860.

2. The present single \$14,800 rate for GS-18 is increased to \$16,000 as the new minimum rate for that grade. This is an 8.1 percent increase which would be granted to employees whose positions are in GS-18. The existing single rate of \$14,800 for GS-18 was not changed by Public Law 94 which increased the

rates of pay for all other grades of the Classification Act. With the exceptions of a few GS-18 positions in the Federal Bureau of Investigation and the General Accounting Office, the Classification Act, as amended, limits to 125 the number of positions that may be in GS-18 under that act.

3. Four pay rates are proposed for GS-18, beginning with \$16,000 and ending at \$17,500. Each of the 3 steps between the 4 rates is \$500 and the overall dollar spread of the grade is \$1,500. The maximum rate of \$17,500 proposed for GS-18 would preserve appropriate relationships with the Executive Pay Act.

4. The customary conversion rules are provided for initially applying the salary ranges as thus changed to employees in grades GS-17 and GS-18.

TITLE IV—FOREIGN SERVICE AMENDMENTS OF 1955

This title includes several amendments to the Foreign Service Act of 1946, as amended. Briefly their purpose is to:

1. Increase the salaries of Chiefs of Mission from \$25,000, \$20,000, \$17,500, and \$15,000, respectively, to \$27,500, \$25,000, \$22,500, and \$20,000, respectively. The salaries of Chiefs of Mission have not been changed since 1946. The proposed adjustments, together with those in title I, would maintain (a) the existing \$2,500 differential between Chiefs of Mission of class 1 and Cabinet officers and (b) the salary parity between Chiefs of Mission of class 4 and Assistant Secretaries of State.

2. Increase the top of the salary schedules for Foreign Service officers, namely, in the class of Career Ministers and classes 1 and 2. The present rate of \$14,800 for Career Minister would be raised to \$17,500. The scales of pay for Foreign Service officers in class I and in class II would be changed as follows:

Existing rates

Proposed rates

FSO-1:	
\$13,760-----	\$14, 500
\$14,190-----	15, 000
\$14,620-----	15, 500
\$14,800-----	16, 000
\$14,800-----	16, 500
FSO-2:	
\$11,965-----	12, 000
\$11,990-----	
\$12,365-----	12, 400
\$12,740-----	12, 800
\$13,115-----	13, 200
\$13,495-----	13, 600
\$13,655-----	14, 000

The step rate of \$11,990 in FSO-2 being only \$25 above the minimum rate of the class is not in use.

Adjustments in salary rates for Foreign Service officers would automatically apply to Foreign Service Reserve officers.

These changes in the pay rates for Chiefs of Mission and for the top levels of the Foreign Service officer salary schedule correlate with changes proposed in the Executive Pay Act and in the Classification Act schedules.

TITLE V—POSTAL FIELD SERVICE AMENDMENTS OF 1955

The effect of title V is to increase the rates of the three highest grades of the postal field service schedule contained in Public Law 68, 84th Congress, approved June 10, 1955, as follows:

Grade	Present range	Proposed range
18.....	\$12,500 to \$14,300..	\$12,800 to \$14,600.
19.....	\$13,600 to \$14,800..	\$14,000 to \$15,800.
20.....	\$14,800.....	\$16,000 to \$17,200.

These changes are for the purpose of bringing about a degree of coordination with the new classification rates proposed in title III, and to improve the application of the postal field service schedule, to be effected under Public Law 68 not later than 180 days after enactment.

Section 201 (c) of Public Law 68 limits the number of employees that may be at any one time in salary levels 17 to 20 as follows: 40 in level 17, 12 in level 18, 4 in level 19, and 15 in level 20.

TITLE VI—VETERANS' ADMINISTRATION MEDICINE AND SURGERY AMENDMENTS OF 1955

The act of January 3, 1946, as amended (38 U. S. C. 15) establishes a Department of Medicine and Surgery in the Veterans' Administration, prescribes its functions, and specifies by title and salary the key positions in the organization. In addition the act establishes per annum full-pay ranges for positions in the medical, dental, and nursing services.

The amendments made by this title relate only to the positions of the Chief Medical Director, the Deputy Chief Medical Director, and the authorized eight Assistant Chief Medical Directors. The current salaries of these positions are \$16,800, \$15,800, and \$14,800, respectively. The proposed salaries, in line with those provided by other titles of the bill, are \$17,800 for the Chief Medical Director, \$16,800 for the Deputy Chief Medical Director, and \$15,800 for the Assistant Chief Medical Directors.

TITLE VII—RESEARCH AND DEVELOPMENT SALARY AMENDMENTS OF 1955

In several enactments since 1947, Congress has authorized a salary range of from \$10,000 to \$15,000 (in the Department of Agriculture a \$15,000 maximum) for a limited number of professional and scientific positions in research and development activities of specified agencies. The Civil Service Commission must approve in advance the salary rate to be established for each position (except those in Agriculture) and any subsequent changes within the limits specified by law.

The number of positions authorized in existing law is as follows:

Department of Defense.....	45
5 U. S. C. 171p—Office of Secretary of Defense.....	6
5 U. S. C. 230—Department of the Army.....	13
5 U. S. C. 476—Department of the Navy.....	13
5 U. S. C. 626t—Department of the Air Force.....	13
50 U. S. C. 158—National Advisory Committee for Aeronautics.....	10
42 U. S. C. 210 (g)—U. S. Public Health Service.....	30
21 U. S. C. 113a—Department of Agriculture.....	5
Total.....	90

The purpose of title VII is to raise the \$10,000 to \$15,000 range to \$12,500 to \$17,500 and to prescribe the way in which initial salary adjustments of employees in this group shall be made.

Those employees now paid less than \$12,500 would have their salaries raised to that rate automatically. Any subsequent adjustment would have to be made in the regular manner, that is, upon recommendation by the agency with the approval of the Civil Service Commission.

With respect to the Department of Agriculture positions, for which the law sets no minimum rate, the purpose of title VII is to raise the maximum limitation from \$15,000 to \$17,500.

In the opinion of the committee, it is necessary in connection with this report to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.



S. 2628

[Report No. 1257]

IN THE SENATE OF THE UNITED STATES

JULY 25, 1955

Mr. JOHNSTON of South Carolina (for himself and Mr. CARLSON) (by request) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

JULY 29, 1955

Reported by Mr. JOHNSTON of South Carolina, with amendments

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—EXECUTIVE PAY ACT AMENDMENTS
4 OF 1955

5 SEC. 101. This title may be cited as the “Executive
6 Pay Act Amendments of 1955”.

7 SEC. 102. The Act of October 15, 1949 (63 Stat. 880;
8 Public Law 359, Eighty-first Congress), as amended and
9 supplemented, is amended as follows:

10 (a) Section 1 is amended to read as follows: “That

1 the rate of basic compensation of the head of each executive
2 department, of the Secretary of Defense, and of the Director
3 of the Bureau of the Budget shall be \$25,000 per annum;
4 the rate of basic compensation of the Deputy Secretary of
5 Defense, *of the Comptroller General of the United States*,
6 and of the Under Secretary of State shall be \$22,500 per
7 annum; and the rate of basic compensation of the Secre-
8 tary of the Army, the Secretary of the Navy, the Secretary
9 of the Air Force, the Director of the Federal Bureau of
10 Investigation, the Director of Central Intelligence, and the
11 Administrator of Veterans' Affairs shall be, respectively,
12 \$22,000 per annum.

13 (b) Section 2 (a) is amended by striking out
14 "\$20,000", "\$18,000", and "\$15,000" and inserting in lieu
15 thereof "\$22,500", "\$21,000", and "\$20,000", respectively.

16 (c) Section 3 is amended to read as follows: "The rate
17 of basic compensation of each Under Secretary of an execu-
18 tive department (other than the Department of State), the
19 Deputy Postmaster General, ~~the Comptroller General of the~~
20 ~~United States~~, the Deputy Administrator of Veterans'
21 Affairs, the Administrator of General Services, the Housing
22 and Home Finance Administrator, and the Director of the
23 International Cooperation Administration shall be \$21,000
24 per annum."

25 (d) Section 4 is amended to read as follows: "The rate

1 of basic compensation of the Assistant Comptroller General
2 of the United States, the Deputy Director of the Bureau
3 of the Budget, ~~the Deputy Administrator of Veterans'~~
4 ~~Affairs~~, the Federal Mediation and Conciliation Director, the
5 Chairman of the Civil Service Commission, members of the
6 Council of Economic Advisers, members of the Board of
7 Governors of the Federal Reserve System, members of the
8 Board of Directors of the Federal Deposit Insurance Cor-
9 poration (including the Comptroller of the Currency), and
10 of each Deputy Under Secretary of an executive depart-
11 ment, shall be \$20,500 per annum."

12 (e) Section 5 (a) (relating to the compensation of
13 assistant secretaries of executive departments and members
14 of most independent boards and commissions) is amended
15 (A) by striking out "\$15,000" and inserting in lieu
16 thereof "\$20,000"; (B) by striking out "Assistant Federal
17 Security ~~Administration~~ Administrator", "and the Deputy
18 Under Secretaries of State", "each Assistant Attorney Gen-
19 eral", "the Assistant Solicitor General of the United States",
20 "*the Chief of Staff of the Joint Committee on Internal*
21 *Revenue Taxation*", "*the Architect of the Capitol*", and "the
22 Philippine Alien Property Administrator, members (other
23 than the Chairman) of the Board of Directors of the Export-
24 Import Bank of Washington, members (other than the
25 Chairman) of the Board of Directors of the Reconstruction

1 Finance Corporation, members (other than the Chairman)
 2 of the United States Maritime Commission"; (C) by insert-
 3 ing "the Associate Director of the Federal Bureau of Investi-
 4 gation, the Deputy Director of Central Intelligence, *the*
 5 *Administrator of the Saint Lawrence Seaway Development*
 6 *Corporation, the Administrator of the Small Business*
 7 *Administration, the Director of Selective Service,"*; and
 8 (D) by inserting after the words "the Counselor of the
 9 Department of State", the following: "the Legal Adviser,
 10 Solicitor, or General Counsel of an executive department
 11 when required to be appointed by the President".

12 (f) Section 5 (b) (relating to the compensation of the
 13 Director of the Administrative Office of the United States
 14 Courts) is amended by striking out "\$15,000" and inserting
 15 in lieu thereof "\$20,000".

16 (g) Section 6 (a) is amended (A) by striking out
 17 "\$14,800" and inserting in lieu thereof "\$17,500"; ~~and~~
 18 (B) by striking out "the Housing Expediter", "*the Director*
 19 *of Selective Service*", "*the Assistant Architect of the Capitol*",
 20 "members of the Displaced Persons Commission", "members
 21 of the Philippine War Damage Commission", "Governor of
 22 the Farm Credit Administration", "the Associate Director
 23 of the Federal Bureau of Investigation", and "the Deputy
 24 Director of Central Intelligence"; *and (C) by inserting "the*
 25 *Deputy Administrator of the Saint Lawrence Seaway De-*

1 *velopment Corporation, each Deputy Administrator, Small*
 2 *Business Administration, and the Chief of Staff of the Joint*
 3 *Committee on Internal Revenue Taxation”.*

4 SEC. 103. Except in cases where a higher rate may be
 5 provided in this or any other Act, the chairman of an inde-
 6 pendent board or commission, or of an independent body of
 7 similar organizational type, in the executive branch, during
 8 the period of his service as such, shall receive compensation
 9 at a rate which is \$500 more per annum than the rate at
 10 which other members of the board or commission are
 11 compensated.

12 TITLE II—STATUTORY SALARY RATE AMEND-
 13 MENTS OF 1955

14 SEC. 201. This title may be cited as the “Statutory
 15 Salary Rate Amendments of 1955”.

16 SEC. 202. Except as otherwise provided in this Act,
 17 rates of basic compensation existing immediately prior to
 18 the effective date of this Act, and expressly established by
 19 statute or reorganization plan for positions in the executive
 20 branch at rates equal to those payable immediately prior
 21 to the effective date of this Act under Public Law 359,
 22 Eighty-first Congress, approved October 15, 1949, are here-
 23 by increased as follows: (A) \$22,500 is increased to \$25,-
 24 000; (B) \$20,000 is increased to \$22,500; (C) \$18,000

1 is increased to \$22,000; (D) \$17,500 is increased to \$21,-
2 000; (E) \$16,000 is increased to \$20,500; (F) \$15,000 is
3 increased to \$20,000; and (G) \$14,800 is increased to
4 \$17,500. Such augmented rates shall be considered to be
5 the regular rates of compensation.

6 SEC. 203. Nothing in this Act shall affect rates of basic
7 compensation established under the Atomic Energy Act of
8 1954, Public Law 703, 83d Congress, approved August 30,
9 1954, or rates of basic compensation established under Public
10 Law 9, Eighty-fourth Congress, March 2, 1955.

11 SEC. 204. The compensation for each of the offices
12 established by section 1 (d) of Reorganization Plan Num-
13 bered 7 of 1953, effective August 1, 1953 (67 Stat. 639)
14 shall be established by the Secretary of State at a rate not
15 less than that of Assistant Secretaries of State nor more than
16 that of Deputy Under Secretaries of State.

17 SEC. 205. Section 2 of Public Law 565, Seventy-ninth
18 Congress, approved July 30, 1946 (60 Stat. 712), is
19 amended by striking out "\$12,000" and inserting in lieu
20 thereof "\$15,000".

21 SEC. 206. Section 527 (b) of the Mutual Security Act
22 of 1954, approved August 26, 1954 (Public Law 665,
23 Eighty-third Congress (68 Stat. 832)) is amended by
24 striking out "\$15,000 per annum" and inserting in lieu
25 thereof "the salary rate for Assistant Secretaries of State".

1 TITLE III—CLASSIFICATION ACT AMENDMENTS
 2 OF 1955

3 SEC. 301. This title may be cited as the “Classifica-
 4 tion Act Amendments of 1955”.

5 SEC. 302. (a) The compensation schedule for the Gen-
 6 eral Schedule contained in section 603 (b) of the Classi-
 7 fication Act of 1949, as amended, is amended by striking
 8 out:

“GS-17----- 13,975 14,190 14,405 14,620
 GS-18----- 14,800”

9 and inserting in lieu thereof the following:

“GS-17----- 13,975 14,190 14,405 14,620 14,835
 GS-18----- 16,000 16,500 17,000 17,500”

10 (b) The rates of basic compensation of officers and
 11 employees to whom this section applies shall be initially
 12 adjusted as follows:

13 (1) If the officer or employee is receiving basic com-
 14 pensation immediately prior to the effective date of this
 15 Act at a scheduled rate of grade 17 or 18 of the General
 16 Schedule, he shall receive a rate of basic compensation at
 17 the corresponding scheduled rate in effect on and after such
 18 date;

19 (2) If the officer or employee, immediately prior to
 20 the effective date of this section, is in a position in grade 17
 21 of the General Schedule and is receiving basic compensation
 22 at a rate between two scheduled rates of such grade, he

1 shall receive a rate of basic compensation at the higher of
2 the two corresponding rates in effect on and after such date;

3 (3) If the officer or employee, immediately prior to
4 the effective date of this section, is in a position in grade
5 17 of the General Schedule and is receiving basic compen-
6 sation at a rate which is in excess of the maximum scheduled
7 rate of his grade as provided in this section, he shall continue
8 to receive such higher rate of basic compensation until (i)
9 he leaves such position, or (ii) he is entitled to receive
10 basic compensation at a higher rate by reason of the opera-
11 tion of the Classification Act of 1949, as amended; but when
12 such position becomes vacant, the rate of basic compensation
13 of any subsequent appointee thereto shall be fixed in accord-
14 ance with such Act, as amended.

15 TITLE IV—FOREIGN SERVICE ACT AMENDMENTS
16 OF 1955

17 SEC. 401. This title may be cited as the “Foreign Service
18 Act Amendments of 1955”.

19 SEC. 402. Section 411 of the Foreign Service Act of
20 1946 (60 Stat. 999), as amended, is amended to read as
21 follows:

22 “SEC. 411. The President shall for salary purposes
23 classify into four classes the positions which are to be occu-
24 pied by chiefs of mission. The per annum salaries of chiefs

1 of mission within each class shall be as follows: Class 1,
2 \$27,500 per annum; class 2, \$25,000; class 3, \$22,500; and
3 class 4, \$20,000.”

4 SEC. 403. Section 412 of such Act, as amended, is
5 amended in the following respects: (a) by deleting in the
6 second sentence of said section, “\$14,800”, and inserting
7 in lieu thereof, “\$17,500”, and (b) by deleting the reference
8 to classes 1 and 2 and the salary rates provided for such
9 classes and inserting in lieu thereof the following: “Class
10 1, \$14,500, \$15,000, \$15,500, \$16,000, \$16,500; class 2,
11 \$12,000, \$12,400, \$12,800, \$13,200, \$13,600, \$14,000;”.

12 SEC. 404. Under such regulations as the Secretary of
13 State shall prescribe, each Foreign Service officer in the
14 class of career minister or in classes 1 or 2 and each Foreign
15 Service Reserve officer receiving salary set at one of the
16 rates provided for classes 1 or 2 shall receive salary at that
17 one of the salary rates prescribed by section 412, as amended,
18 which the Secretary shall consider it appropriate for such
19 officer to receive.

20 TITLE V—POSTAL FIELD SERVICE AMENDMENTS
21 OF 1955

22 SEC. 501. This title may be cited as the “Postal Field
23 Service Amendments of 1955”.

24 SEC. 502. The Postal Field Service Schedule in section

1 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th
2 Congress) is amended by striking the following portion:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

3 and inserting in lieu thereof the following:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200	15, 500	15, 800
20-----	16, 000	16, 300	16, 600	16, 900	17, 200	17, 500	-----"]
20-----	16, 000	16, 300	16, 600	16, 900	17, 200	-----	-----"

4 TITLE VI—VETERANS' ADMINISTRATION MEDI-
5 CINE AND SURGERY AMENDMENTS OF 1955

6 SEC. 601. This title may be cited as the "Veterans' Ad-
7 ministration Medicine and Surgery Amendments of 1955".

8 SEC. 602. Section 3 of the Act of January 3, 1946, as
9 amended, (38 U. S. C. 15b) is hereby amended as follows:

10 (a) The last sentence of section 3 (b) is amended to
11 read: "During the period of his service as such, the Chief
12 Medical Director shall be paid a salary of \$17,800 a year."

13 (b) The last sentence of section 3 (c) is amended to
14 read: "During the period of his service as such, the Deputy
15 Chief Medical Director shall be paid a salary of \$16,800
16 a year."

17 (c) That portion of section 3 (d) which precedes the
18 proviso is amended to read: "Each Assistant Chief Medical
19 Director shall be appointed by the Administrator upon the
20 recommendation of the Chief Medical Director and shall be
21 paid a salary of \$15,800."

1 TITLE VII—RESEARCH AND DEVELOPMENT

2 SALARY AMENDMENTS OF 1955

3 SEC. 701. This title may be cited as the “Research and
4 Development Salary Amendments of 1955”.

5 SEC. 702. Sections 171p, 230, 476, 626t of title 5 of the
6 United States Code, section 158 of title 50 of the United
7 States Code, and section 210 (g) of title 42 of the United
8 States Code (relating to salary limitations on research and
9 development positions requiring the services of specially
10 qualified scientific or professional personnel in the Depart-
11 ment of Defense, the National Advisory Committee for
12 Aeronautics, and the United States Public Health Service,
13 respectively) are amended by striking out “\$10,000” and
14 “\$15,000” and inserting in lieu thereof “\$12,500” and
15 “\$17,500”, respectively.

16 SEC. 703. The salary amendments contained in section
17 702 shall not affect the authority of the Civil Service Com-
18 mission or the procedure for fixing the pay of individual offi-
19 cers or employees under the statutes therein amended; except
20 that the existing rate of basic compensation of any officer or
21 employee to whom this title applies which is less than a rate
22 of \$12,500 per annum shall be increased to such rate on the
23 effective date of this title.

24 SEC. 704. Section 113a of title 21 of the United States
25 Code (relating to salary limitation on technical experts or

1 scientists for research and study of foot-and-mouth disease and
2 other animal diseases) is hereby amended by striking out
3 “\$15,000” and inserting in lieu thereof “\$17,500”.

4 TITLE VIII—EFFECTIVE DATE

5 SEC. 801. This Act shall take effect at the beginning of
6 the first pay period following the date of enactment of this
7 Act.

84TH CONGRESS
1ST SESSION

S. 2628

Calendar No. 1274

[Report No. 1257]

A BILL

To increase rates of compensation of the heads
and assistant heads of executive departments
and independent agencies, and for other
purposes.

By Mr. JOHNSTON of South Carolina and Mr.
CARLSON

JULY 25, 1955
Read twice and referred to the Committee on Post
Office and Civil Service
JULY 29, 1955
Reported with amendments

July 30, 1955

67. BUILDINGS. Passed without amendment S. 1210, to amend the Public Buildings Act of 1949 so as to provide a 5-year limitation on the period of leases of space for Federal agencies in D. C. (p. 10594). This bill will now be sent to the President.
68. WATER COMPACT. Passed without amendment S. 1391, consenting to a compact between Calif. and Nev. regarding waters of Truckee, Carson, and Walker Rivers and Lake Tahoe (pp. 10583-4). This bill will now be sent to the President.
69. PERSONNEL. Passed as reported H. R. 7619, to adjust pay rates of department heads and other major officials (pp. 10662-6). For provisions of bill, see Digest 128. (July 28, 1955)
- Passed as reported S. 1041, providing for inclusion of certain cooperative State service in the authorized coverage of the Civil Service Retirement Act (pp. 10581-2). For provisions of bill, see Digest 110.
- Passed as reported S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10582). For provisions of bill, see Digest 110.
- Passed as reported H. R. 2383, to authorize an Inventive Contributions Awards Board in the Defense Department (pp. 10602-4).
- Passed without amendment H. R. 3255, to amend the Classification Act of 1949 to preserve in certain cases the rates of basic pay of officers and employees whose positions are placed in lower grades by virtue of reclassification actions under such Act (pp. 10657-8).
- Discussed and, at the requests of Reps. Vanik and Hagen, passed over H. R. 3084, to amend legislation regarding prevention of political activities so as to include State officers and employees (pp. 10604, 10655).
70. RECLAMATION. Passed without amendment H. R. 1603, to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects (p. 10613).
71. PUBLIC LANDS. Passed with amendments H. R. 6994, to provide for entry and location, on discovery of a valuable source material, upon public lands classified as or known to be valuable for coal (pp. 10608-9).
72. ANIMAL DISEASES. Discussed and, at the request of Rep. Hoffman, Mich., passed over S. 1166, to restore, on a modified basis, the authority of this Department to restrict the entry of cattle and poultry into the Virgin Islands (p. 10594).
73. CCC STOCKS. On objection of Rep. Saylor, passed over H. R. 7252, to permit the sale of CCC stocks of basic and storable non-basic agricultural commodities without restriction where similar commodities are exported in raw or processed form (p. 10592).
74. SUBMARGINAL LANDS. At the request of Rep. Cunningham, passed over H. R. 6815, to provide for sale of certain title 3 Bankhead-Jones lands (p. 10594).
75. WILDLIFE CONSERVATION. Discussed and, on objection of Rep. Taber, passed over S. 756, to authorize the appropriation of accumulated receipts in the Federal-aid wildlife-conservation fund (p. 10654).
76. ADJOURNED until Mon., Aug. 1 (p. 10676).
77. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the following among the bills to be considered Mon.: H. R. 7541, increase in CCC borrowing power;

58. MINIMUM WAGE. Agreed to the conference report on S. 2168, to increase the minimum wage, under the Fair Labor Standards Act, to \$1 per hour, effective Mar. 1, 1956 (p. 10559). This bill will now be sent to the President.
59. FORESTRY. Passed without amendment S. 72, to give national forest status to certain lands in Lincoln National Forest, N. Mex. (pp. 10585, 10671). This bill will now be sent to the President.
- Passed without amendment H. R. 374, to authorize the adjustment and clarification of ownership of certain lands within the Stanislaus National Forest, Calif. (pp. 10585-6).
- Passed with amendments H. R. 426, to authorize this Department to set aside areas of not over 640 acres, in national forests or title 3 Bankhead-Jones lands, for division into lots and sale as townsites (p. 10586).
- Passed as reported H. R. 1855, to authorize the Secretary of Agriculture to advance Federal funds in the furtherance of cooperative forestry research projects (p. 10587).
60. LAND TRANSFER. Passed without amendment H. J. Res. 112, to release the reversionary right to improvements on a tract of former Rural Rehabilitation Corp. land in Orangeburg, S. C. (pp. 10589-90).
61. TOBACCO. Passed without amendment S. 2297, to amend the law regarding tobacco marketing quotas and referendums, including a provision to permit a referendum to be conducted on the single question of marketing quotas for 3 years (instead of on 3 years and 1 year, as at present) (pp. 10596-7). This bill will now be sent to the President.
- H. R. 6846 and 6847, to make other amendments to this legislation, were discussed and passed over at the requests of Reps. Deane and Burnside, respectively (p. 10596).
62. RICE. Passed without amendment H. R. 7302, to prevent persons from moving from one State to another and taking their rice allotments with them (p. 10597).
- Passed without amendment S. 2511, to provide that for 1956 no national rice acreage allotment shall be established which is less than 85% of the final allotment established for the immediately preceding year (pp. 10606-7). This bill will now be sent to the President.
63. FARM LABOR. Passed as reported H. R. 6888, to facilitate the entry of skilled shepherders chargeable to the immigration quota for Spain (pp. 10597-8).
64. EDUCATION. Passed as reported H. R. 7245, to amend and extend the program for Federal aid to school districts in areas affected by Federal activities (pp. 10604-5).
- Passed without amendment S. 2081, to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training (pp. 10656-7). This bill will now be sent to the President.
65. BONDING EMPLOYEES. Agreed to the conference report on H. R. 4778, to provide for the purchase of bonds to cover Government employees (p. 10655). This bill will now be sent to the President.
66. PUBLIC LANDS; MINING. Received the conference report on H. R. 100, permitting the mining, development, and utilization of the mineral resources of all public lands withdrawn or reserved for power development (pp. 10674-5). The Senate agreed to the conference report on this bill (pp. 10775).

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S. 1894, International Finance Corp.; S. 890, water pollution; and possibly S. 2237, flammable fabrics. He said there would not be another call of the Consent Calendar. The Speaker said no bill will be considered Mon. which has not been passed by the Senate, and Rep. Martin agreed with this position. (pp. 10671-2.)

SENATE - July 30

78. ACCOUNTING. Passed without amendment H. R. 7034, which authorizes the Comptroller General to relieve accountable officers of accountability under certain circumstances, and H. R. 7035, which authorizes the Comptroller General to reimburse disbursing officers under certain conditions (pp. 10713-4). These bills will now be sent to the President. For provisions of bills, see Digest 115.
79. EXTENSION WORK. Passed without amendment H. J. Res. 276, to authorize the Texas Hill Country Development Foundation to convey certain land to Kerr County, Tex. (p. 10714). This measure will now be sent to the President.
80. FLOOD CONTROL. Passed without amendment H. R. 6066, authorizing modification of the project for flood protection on the San Joaquin River and tributaries, Calif. (p. 10714). This bill will now be sent to the President.
81. PROPERTY; TAXATION. Passed with amendment H. R. 6182, to amend the Federal Property and Administrative Services Act so as to make temporary provision for payments in lieu of taxes with respect to certain real property transferred by RFC to other Government departments (pp. 10780-1).
Passed as reported S. 2591, to amend the Federal Property and Administrative Services Act so as to provide that GSA shall exercise the authority vested in it with respect to the utilization and disposal of all excess and surplus property, real and personal, which is under the control of any executive agency, without regard to any other law, except that this provision shall not apply to any executive agency in connection with disposal of property under its control when such disposal is made as specifically authorized by law in a particular manner, to a particular class of persons, or for particular program purposes (such as CCC operations) (p. 10713).
82. RECORDS MANAGEMENT. Passed as reported S. 2364, to amend the Federal Property and Administrative Services Act so as to give GSA additional authority over records-management work of the executive departments and agencies (p. 10713).
83. PERSONNEL. Passed without amendment H. R. 6590, to prohibit employment by the Government of persons who are disloyal or who participate in or assert the right to strike against the Government (p. 10782). This bill will now be sent to the President.

At the request of Sen. Bible, passed over S. 2628, the executive pay bill (p. 10782).

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84. FLAMMABLE FABRICS. Passed without amendment S. 1455, to amend the Flammable Fabrics Act so as to exempt scarves which do not present an unusual hazard (p. 10788).
85. RICE. Passed as reported S. 2511 (see item 62 above) (p. 10717).
86. FEES AND CHARGES. S. Res. 140, relating to establishment of uniform fees and charges by Government agencies, was referred to the Rules and Administration Committee (p. 10713).

87. FARM CREDIT. Passed as reported H. R. 5168, to provide for retirement of Government capital in certain institutions operated under supervision of FCA, and to increase borrower participation in the management and control of the Federal Farm Credit System (pp. 10722-32). Rejected, 9 to 80, a Williams amendment regarding application of assets on liquidation or dissolution of banks for cooperatives (pp. 10728-32).
88. WATER COMPACT. Concurred in the House amendments to S. 2260, consenting to a compact among Ark., La., Okla., and Tex. for an apportionment of the waters of the Red River and its tributaries (p. 10735). This bill will now be sent to the President.
89. MINING; PUBLIC LANDS. Passed with amendment H. R. 6994, to provide for entry and location, on discovery of a valuable source material, upon public lands classified as or known to be valuable for coal, etc. (pp. 10782-4).
90. FOOD AND AGRICULTURE ORGANIZATION. Began debate on S. J. Res. 97, to increase the limitation on the U. S. contribution to FAO from \$2 million to \$3 million annually (pp. 10792-6). Pending is an Ellender amendment to limit U. S. increases to the average percentage by which contributions of other countries are increased.
91. RECLAMATION. Passed without amendment H. R. 4663, to authorize the Trinity River division, Central Valley project, Calif. (pp. 10796-802). This bill will now be sent to the President.
Sen. Watkins inserted his statement and various exhibits favoring the proposed upper Colo. River project (pp. 10699-705).
92. HOUSING. Received a report by the Banking and Currency Committee on its study of Federal housing programs (S. Rept. 1281) (p. 10680).
93. ADJOURNED until Mon., Aug. 1 (p. 10809).

ITEM IN APPENDIX - July 30

94. ROADS. Extension of remarks of Rep. Mack, Wash., favoring the President's road program (p. A5642).

BILLS INTRODUCED - July 30

95. WHEAT TARIFF. H. R. 7750, by Rep. Bentley, to amend the Tariff Act to apply the same duty to wheat unfit for human consumption as applies to all other wheat; to Ways and Means Committee (p. 10677).
96. PERSONNEL. H. R. 7760, by Rep. Gubser, to provide for rates of pay for Federal personnel in appropriate relationship to local prevailing rates; to Post Office and Civil Service Committee (p. 10677).
97. FOOD ADDITIVES. H. R. 7764, by Rep. O'Hara, Minn., to prohibit new food additives which have not been adequately pretested to establish their safe use; to Interstate and Foreign Commerce Committee (p. 10677).
98. SOIL CONSERVATION. H. R. 7769, by Del. Farrington, to extend the Watershed and Flood Prevention Act to Alaska, Hawaii, and Puerto Rico; to Agriculture Committee (p. 10677).
99. COTTON. S. 2702, by Sen. Thurmond (for himself and 60 others), to encourage the

who, with the exception of myself, are splendid lawyers. They just simply would not go on record as holding the Government legally responsible. We were not going to do that because of these reasons. All of this fertilizer program was occasioned by Executive order and by authority from the Congress. The plaintiffs in their cases, and in all their arguments, admit that never at any time did any employees of the Government of the United States deviate from their orders and their instructions. If that can be the basis of negligence and legal liability, then the judge of a court by the same token is liable for an erroneous decision. If the fire department goes out and tries to put out a fire in your house and fails to put out the fire, then you can sue the fire department and the city for damages.

Another objection we had to that was that if you say, as the Senate was trying to say, that there was legal responsibility—do not kid TIC FORRESTER, do not kid anybody else—if you say that there is no way on earth to shut out insurance companies, the law is absolutely plain. If anybody is entitled to recover legally then it is absurd to say that you would give John Jones a certain thing but you must deny the same to Bill Smith. It simply does not make good sense.

We put in this bill, this substitute, that there is no legal liability upon this Government.

Proceeding from that standpoint I say that instead of this bill's being unconscionable as described, I say it is a most reasonable bill. It shows a compassionate heart and a compassionate spirit upon the part of this House. I am the man who suggested it.

I will tell you know, the only way any bill could come out of this committee was on this basis.

I want to express my thanks for the assistance of the gentleman from Texas [Mr. BROOKS], who, I want to tell you, is greatly responsible for the bringing of this bill here today. It was Mr. BROOKS who persuaded us to raise the recovery ceilings to \$20,000 instead of \$15,000. Without him there would be no bill.

The only way that you can lock up insurance companies, the only way that you can solve this question that there is no legal liability is to pass this bill. I am only telling you that I want the Senate to stay with it. If they do not stay with it I want the conferees to know that you mean for them to stay with it.

Mr. MILLER of New York. Mr. Speaker, I yield to the distinguished gentleman from Missouri for a consent request.

Mr. SHORT. Mr. Speaker, I ask unanimous consent that following the remarks I made in the Committee of the Whole this afternoon I may include an editorial which appeared in the last Sunday's edition of the Joplin Globe.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MILLER of New York. Mr. Speaker, I yield back the balance of my time.

Mr. LANE. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. BOYLE], a member of the Committee on the Judiciary.

(Mr. BOYLE asked and was given permission to revise and extend his remarks.)

Mr. BOYLE. Mr. Speaker, I regret that a matter of this consequence comes up at this late hour. However, I can assure everybody present here that the matter received studied and careful consideration in the Judiciary Committee.

I probably am as familiar with this record as anybody in this Congress, and I want to tell you it was a very tough and difficult problem. I want to commend all of my colleagues on the Judiciary Committee for their painstaking approach to this situation.

This is a simple matter as it is resolved in this bill. I am one who with the gentleman from Georgia [Mr. FORRESTER] feels that there is no legal liability as far as paying these claims is concerned.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield?

Mr. BOYLE. I yield.

Mr. FORRESTER. The great majority of the members of the Committee on the Judiciary also felt that way and insisted on that. Is not that true?

Mr. BOYLE. That is a fact. This is a bill that is a result of true, honest compromise. The committee felt that the judiciary being the highest court in the land, being a court of conscience, recognized that that which ought to be done should be done. We feel that in this bill we have done that; we feel we have satisfied the conscience of this Congress, that this was a disaster, that a lot of people were killed and injured and a lot of property damaged as a result of this occurrence.

We have spelled out categorically so that there will not be any possible question of legal liability that this is a gratuity, this is merely a contribution, and that the door should not be left open for any subrogated claims to come in on the basis that there was a lack of real honest and fair treatment.

I submit that this bill is a law of conscience and that there is a lot of tender charity in it, and I recommend, Mr. Speaker, that it be passed.

Mr. LANE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. THOMPSON], author of the House bill.

Mr. THOMPSON of Texas. Mr. Speaker, there is very little more to be said. I express deep gratitude to the gentlemen who have preceded me and who have presented the case well and who have spent many hours trying to do justice to my people.

There is only one piece of information I should like to give you. This comes from the studied opinion of the attorneys who have been with the case for the past 8 years. It deals with the amount that may be paid under the present bill. It is estimated the death claims will not be over \$5 million, it is estimated that personal injury claims will be \$1½ million and not over that and it is estimated that property damage will not be over \$500,000, which makes a total of \$7 million. That is a very modest sum.

Mr. DAWSON of Utah. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentleman from Utah.

Mr. DAWSON of Utah. Do any of the attorneys participate in these funds that might be appropriated?

Mr. THOMPSON of Texas. The attorneys are paid fees, yes, of course.

Mr. Speaker, to bring the Texas City disaster legislation into proper focus, let us first review the history of the case. There are some points which need not be discussed because, so far as I know, everyone who has paid any attention to the case concedes that they are true.

First, we all agree that the explosions were caused by a concoction labeled fertilizer grade ammonium nitrate. There was no question that the product was manufactured by and for the United States Government in Army ordnance plants, that it was under Government control at all times, and that it was being shipped to Europe as a part of our foreign-aid program.

I shall not discuss the question of negligence because for the present consideration of the House, it is not material. The fact that the product which exploded was something made by and under the control of the United States Government makes the people who were victims of the explosion as entitled to remuneration as were the victims of the Port Chicago explosion during the war.

In that case, an ammunition ship blew up in the harbor doing great damage to Port Chicago and its people. That case was handled in a manner similar to that which has been presented to you today. The Texas City case has one important difference. Between the Port Chicago explosion and the Texas City explosion, the Congress had passed what is known as the Federal Tort Claims Act.

The victims filed their claims in the Federal district court, which held in favor of the claimants. It was appealed and finally the Supreme Court, on a 4 to 3 decision, held that the Tort Claims Act did not apply. Three of the Justices held that it did. The question of responsibility was not decided by the Supreme Court. They merely said that the law did not apply.

When this decision was rendered in 1953, I discussed the matter at considerable length with the then chairman of the Committee on the Judiciary, the gentleman from Illinois [Mr. REED] and with other distinguished members of that committee. We concluded that since there was, evidently, reason to believe that the Government was responsible, the people should still have a forum in which to seek redress; and that since the Supreme Court had held that the Tort Claims Act did not apply, there remained but one such forum and that was the Congress.

The prospect of filing several thousand private claims did not appeal to me and because of the magnitude of the case, financially and otherwise, it seemed best to first establish whether or not the Government was responsible.

To accomplish this, I introduced House Resolution 296 in June of 1953. It provided that the Committee on Judiciary or

a subcommittee thereof should make a full and complete investigation and study of the merits, if any, of all claims against the United States resulting from the explosions. It further provided that that committee should make recommendations as to subsequent procedure.

After extensive hearings in Texas City, Galveston, and Washington, that committee reported that the Government was responsible and recommended passage of legislation to settle the claims. In June of the following year, this House passed such legislation without a dissenting vote. It was late in the session and although the Senate passed similar legislation, it differed somewhat from the House measure and there was not sufficient time to compose the differences before adjournment. For that reason, the Texas City claimants come back to this Congress with exactly the same merits as have been acted upon favorably in both bodies.

The bill which is before you today provides for a very small settlement. It provides for a limit on death claims, claims for personal injury, and for property damage of \$20,000. If the figures remain unchanged, and so far as I am concerned I am not going to suggest that they be amended here today, the total outlay should not exceed \$5 million for death claims, \$1,500,000 for personal injury, and \$500,000 for uninsured damage to property.

I point out to you, however, that while the majority of the death claims will fall well below the \$20,000 limit and while most of the injury claims would also come well within it, there are some of the latter which ought to be compensated more liberally. Fathers who were injured so seriously that they cannot earn a livelihood, men with legs blown off, cases like that ought to have more than \$20,000 compensation.

I also point out that these death and injury claims should not be subject to deductions of amounts received from insurance companies. I realize the good intention of the sponsors of the substitute to the Senate measure, which is under consideration today. I agreed with them when they insisted on leaving subrogated claims out of the bill entirely.

However, if the limits now in the bill prevail, some very meritorious corporations will be shut out. One of these is the city of Texas City which suffered a loss of \$231,000. They lost their entire volunteer fire department which was on the dock fighting the fire when the explosion occurred. Much of their street and sewer system was destroyed and had to be rebuilt. Public buildings were seriously damaged. Possibly in conference with the other body, which has passed unanimously a more liberal bill, these payments may be liberalized.

Under the present bill, the total claims should not be more than \$7 million—\$5 million for death claims, \$1,500,000 for personal injury, and \$500,000 for uninsured damage to property.

I urge passage of the bill and I trust that the conference committee will act promptly and grant this meager compensation to my people who have waited 8 years for their Government to pay its just debt.

(Mr. THOMPSON of Texas asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

The title was amended so as to read: "An act to provide for settlement of claims resulting from the disaster which occurred at Texas City, Tex., on April 16 and 17, 1947."

Mr. LANE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1077) to provide for settlement of claims for damages resulting from the disaster which occurred at Texas City, Tex., on April 16 and 17, 1947, with House amendment thereto, insist on the House amendment and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. CELLER, LANE, FORRESTER, MILLER of New York, and HYDE.

FEDERAL EXECUTIVE PAY ACT OF 1955

Mr. MURRAY of Tennessee. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Federal Executives Pay Act of 1955."

TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

SEC. 101. The annual rate of basic compensation of the head of each executive department and of the Secretary of Defense shall be \$25,000.

SEC. 102. The annual rate of basic compensation of the Deputy Secretary of Defense, of the Under Secretary of State, of the Director, Office of Defense Mobilization, of the Comptroller General of the United States, and of the Director of the Bureau of the Budget shall be \$22,500.

SEC. 103. The annual rate of basic compensation of the Secretary of the Army, of the Secretary of the Navy, of the Secretary of the Air Force, of the Director of the Federal Bureau of Investigation, Department of Justice, and of the Director of Central Intelligence shall be \$22,000.

SEC. 104. Section 105 of title 3 of the United States Code is amended to read as follows:

"Compensation of secretaries and executive, administrative, and staff assistants to President

"§ 105. The President is authorized to fix the compensation of the six administrative

assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of five other secretaries or other immediate staff assistants in the White House Office, as follows: 2 at rates not exceeding \$22,500 per annum, 3 at rates not exceeding \$21,000 per annum, and 7 at rates not exceeding \$19,000 per annum."

SEC. 105. The annual rate of basic compensation for each of the offices or positions listed in this section shall be \$21,000, as follows:

- (1) Each Under Secretary of an executive department (other than the Department of State);
- (2) The Deputy Postmaster General;
- (3) The Administrator of Veterans' Affairs;
- (4) The Administrator of General Services;
- (5) The Administrator of the Housing and Home Finance Agency;
- (6) The Director of the International Cooperation Administration;
- (7) The Deputy Director of the Office of Defense Mobilization;
- (8) The Administrator of the Federal Civil Defense Administration;
- (9) The Chairman of the Renegotiation Board;
- (10) The Director of the United States Information Agency;
- (11) The President of the Export-Import Bank of Washington;
- (12) The Governor of the Farm Credit Administration;
- (13) The Chairman of the Council of Economic Advisers;
- (14) The Associate Director of the Federal Bureau of Investigation, Department of Justice.

SEC. 106. The annual rate of basic compensation for each of the offices or positions listed in this section shall be \$20,000, as follows:

- (1) The Assistant Comptroller General of the United States;
- (2) The Deputy Director of the Bureau of the Budget;
- (3) The Under Secretary of the Army;
- (4) The Under Secretary of the Navy;
- (5) The Under Secretary of the Air Force;
- (6) The Deputy Administrator of Veterans' Affairs;
- (7) The Director of the Federal Mediation and Conciliation Service;
- (8) The Chairman of the United States Civil Service Commission;
- (9) Each member (other than the Chairman) of the Council of Economic Advisers;
- (10) Each member of the Board of Governors of the Federal Reserve System;
- (11) Each member of the Board of Directors of the Federal Deposit Insurance Corporation;
- (12) The Comptroller of the Currency;
- (13) Each Deputy Under Secretary of the Department of State;
- (14) The First Vice President of the Export-Import Bank of Washington;
- (15) The Chairman of the Federal Maritime Board, Department of Commerce;
- (16) The Deputy Director of the United States Information Agency;
- (17) The Deputy Administrator of the Federal Civil Defense Administration;
- (18) The Deputy Director of the International Cooperation Administration;
- (19) The Deputy Director of Central Intelligence.

SEC. 107. (a) The annual rate of basic compensation for each of the offices or positions listed in this section shall be \$19,000, as follows:

- (1) The Assistant to the Director of the Federal Bureau of Investigation, Department of Justice;
- (2) Each Assistant Secretary of an executive department;
- (3) Each Assistant Postmaster General;

(4) The Fiscal Assistant Secretary of the Treasury;

(5) The Director of the National Advisory Committee for Aeronautics;

(6) Each member of the Civil Aeronautics Board;

(7) Each member of the Federal Communications Commission;

(8) Each member of the Federal Power Commission;

(9) Each member of the Federal Trade Commission;

(10) Each member of the Interstate Commerce Commission;

(11) Each member of the National Labor Relations Board;

(12) Each member of the National Mediation Board;

(13) Each member of the Railroad Retirement Board;

(14) Each member of the Securities and Exchange Commission;

(15) Each member of the Board of Directors of the Tennessee Valley Authority;

(16) Each member (other than the Chairman) of the United States Civil Service Commission;

(17) Each member of the United States Tariff Commission;

(18) The General Counsel of the National Labor Relations Board;

(19) The Deputy Administrator of General Services;

(20) The Archivist of the United States;

(21) The Commissioner of Internal Revenue;

(22) The Commissioner of Immigration and Naturalization;

(23) The Commissioner of Public Roads;

(24) The Administrator of Civil Aeronautics;

(25) The Administrator of the Rural Electrification Administration;

(26) The Counselor of the Department of State;

(27) The Governor of Alaska;

(28) The Governor of Hawaii;

(29) The Governor of the Virgin Islands;

(30) The Governor of the Canal Zone;

(31) The Public Printer;

(32) The Librarian of Congress;

(33) The Architect of the Capitol;

(34) The President of the Federal National Mortgage Association, Housing and Home Finance Agency;

(35) The Deputy Administrator of the Housing and Home Finance Agency;

(36) Each member of the Home Loan Bank Board, Housing and Home Finance Agency;

(37) The Public Housing Commissioner, Housing and Home Finance Agency;

(38) The Federal Housing Commissioner, Housing and Home Finance Agency;

(39) Each Assistant Secretary of the Army;

(40) Each Assistant Secretary of the Navy;

(41) Each Assistant Secretary of the Air Force;

(42) The Special Assistant to the Secretary (Health and Medical Affairs), Department of Health, Education, and Welfare;

(43) The Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense;

(44) The Administrator, Bureau of Security and Consular Affairs, Department of State;

(45) Each member of the Board of Directors of the Export-Import Bank of Washington;

(46) Each member of the Foreign Claims Settlement Commission of the United States;

(47) Each member (other than the Chairman) of the Federal Maritime Board, Department of Commerce;

(48) Each Assistant Director of the Bureau of the Budget;

(49) Each member (other than the Chairman) of the Renegotiation Board;

(50) The Administrator, Wage and Hour and Public Contracts Divisions, Department of Labor;

(51) The Director of the National Science Foundation;

(52) Each member of the Subversive Activities Control Board;

(53) The Solicitor, General Counsel, Legal Adviser, or other chief legal officer of each executive department (excluding the Department of Justice);

(54) The 10 assistant directors, International Cooperation Administration, designated under section 1 (d) of Reorganization Plan No. 7 of 1953 and section 527 (b) of the Mutual Security Act of 1954, respectively;

(55) The Administrator of the St. Lawrence Seaway Development Corporation;

(56) The Administrator of the Small Business Administration.

(b) The first sentence of section 603 of title 28 of the United States Code (relating to the annual compensation of the Director of the Administrative Office of the United States Courts) is amended to read as follows: "The Director shall receive a salary of \$19,000 a year."

SEC. 108. The annual rate of basic compensation for each of the offices or positions listed in this section shall be \$17,500, as follows:

(1) The Associate Director of the Federal Mediation and Conciliation Service;

(2) The Director of Selective Service;

(3) Each Commissioner of the Indian Claims Commission;

(4) Each Commissioner of the United States Court of Claims;

(5) The Assistant Architect of the Capitol;

(6) The Chief Assistant Librarian of Congress;

(7) The Deputy Public Printer.

SEC. 109. The annual rate of basic compensation for each of the offices or position listed in this section shall be \$17,000, as follows:

(1) The Treasurer of the United States;

"GS-17----- 13,975 14,190 14,405 14,620

GS-18----- 14,800"

and inserting in lieu thereof:

"GS-17----- 13,975 14,190 14,405 14,620 14,835

GS-18----- 16,000".

(b) The rates of basic compensation of officers and employees to whom this section applies shall be initially adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this act at a scheduled rate of grade 17 or 18 of the General Schedule, he shall receive a rate of basic compensation at the corresponding scheduled rate in effect on and after such date;

(2) If the officer or employee, immediately prior to the effective date of this act, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate between two scheduled rates of such grade, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date;

"18----- 12,500 12,800 13,100 13,400 13,700 14,000 14,300

19----- 13,600 13,900 14,200 14,500 14,800

20----- 14,800"

and inserting in lieu thereof:

"18----- 12,800 13,100 13,400 13,700 14,000 14,300 14,600

19----- 14,000 14,300 14,600 14,900 15,200

20----- 16,000".

SEC. 203. Section 3 of the act of January 3, 1946, as amended (38 U. S. C., sec. 15b), is hereby amended as follows:

(1) The first paragraph of such section 3 as amended by paragraph (1) of the first section of the act of October 12, 1949 (63 Stat. 764), and the second and third paragraphs of subsection (b) of such section 3 as amended by paragraphs (3) and (4) of the first section of such act of October 12, 1949, are hereby redesignated as subsections "(a)", "(c)", and "(d)", respectively, of section 3 of the act of January 3, 1946;

(2) The Commissioner, Federal Supply Service, General Services Administration;

(3) The Director of the Bureau of Prisons, Department of Justice;

(4) The Commissioner, Public Buildings Service, General Services Administration;

(5) The Commissioner of Social Security, Department of Health, Education, and Welfare;

(6) The Commissioner of Reclamation, Department of the Interior;

(7) The Commissioner of Customs, Department of the Treasury;

(8) The Commissioner of Narcotics, Department of the Treasury;

(9) The Administrator, Bonneville Power Administration;

(10) The Deputy Administrator of the St. Lawrence Seaway Development Corporation;

(11) The Director, Division of Slum Clearance and Urban Redevelopment, Housing and Home Finance Agency;

(12) The Director of Housing Research, Housing and Home Finance Agency;

(13) Each Deputy Administrator, Small Business Administration.

SEC. 110. Except as otherwise specifically provided in this title, the chairman or other head of each independent board or commission in the executive branch shall receive, during the period of his service as chairman or other head of such board or commission, annual basic compensation at a rate which is \$500 more than the annual rate of basic compensation prescribed by this title for the other members of such board or commission.

TITLE II—INCREASES IN MAXIMUM LIMITATIONS ON BASIC COMPENSATION UNDER CLASSIFICATION ACT OF 1949 AND OTHER LAWS

SEC. 201. (a) The compensation schedule for the General Schedule contained in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out:

(3) If the officer or employee, immediately prior to the effective date of this act, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate which is in excess of the maximum scheduled rate of his grade as provided in this section, he shall continue to receive such higher rate of basic compensation until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but when such position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such act, as amended.

SEC. 202. The Postal Field Service Schedule in section 301 (a) of the Postal Field Service Compensation Act of 1955 (Public Law 68, 84th Cong.) is amended by striking out:

"18----- 12,500 12,800 13,100 13,400 13,700 14,000 14,300

19----- 13,600 13,900 14,200 14,500 14,800

20----- 14,800"

and inserting in lieu thereof:

"18----- 12,800 13,100 13,400 13,700 14,000 14,300 14,600

19----- 14,000 14,300 14,600 14,900 15,200

20----- 16,000".

(2) The last sentence of section 3 (b) is amended to read: "During the period of his service as such, the Chief Medical Director shall be paid a salary of \$17,800 a year.";

(3) The last sentence of section 3 (c), as redesignated by paragraph (1) of this section, is amended to read: "During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of \$16,800 a year."; and

(4) That portion of the first sentence of section 3 (d), as redesignated by paragraph (1) of this section, which precedes the pro-

also in such sentence is amended to read: "Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of \$15,800 a year:";

SEC. 204. (a) Subsection (c) of the first section of the act of August 1, 1947, as amended (5 U. S. C., secs. 171p, 230, 476, and 626t; 50 U. S. C., sec. 158), relating to limitations on rates of basic compensation for research and development positions requiring the services of specially qualified scientific or professional personnel in the Department of Defense and in the National Advisory Committee for Aeronautics, is amended (1) by striking out "\$10,000" and inserting in lieu thereof "\$12,500" and (2) by striking out "\$15,000" and inserting in lieu thereof "\$17,500."

(b) Section 208 (g) of the Public Health Service Act, as amended (42 U. S. C., sec. 210 (g)), relating to limitations on rates of basic compensation for research and development positions requiring the services of specially qualified scientific or professional personnel in the Public Health Service, is amended (1) by striking out "\$10,000" and inserting in lieu thereof "\$12,500" and (2) by striking out "\$15,000" and inserting in lieu thereof "\$17,500."

(c) Section 12 of the act of May 29, 1884, as amended (62 Stat. 198; 21 U. S. C., sec. 113a), relating to the maximum limitation on basic compensation for positions of technical experts or scientists for research and study of foot-and-mouth disease and other animal diseases, is amended by striking out "\$15,000" and inserting in lieu thereof "\$17,500."

(d) The amendments contained in subsections (a) and (b) of this section shall not affect the authority of the United States Civil Service Commission or the procedure for fixing the pay of individual officers or employees under the provisions of law amended by such subsections (a) and (b); except that the rate of basic compensation in effect immediately prior to the effective date of this act of any officer or employee to whom the provisions of law amended by this section apply, which is less than a basic rate of \$12,500 per annum, shall be increased to such rate on such effective date.

TITLE III—GENERAL PROVISIONS

SEC. 301. The following provisions of law are hereby repealed:

(1) The act entitled "An act to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies," approved October 15, 1949 (Public Law 359, 81st Cong.; 63 Stat. 880), except section 2 (b), section 6 (b), section 6 (c), section 6 (d), and section 9 thereof;

(2) That part of the paragraph under the heading "Federal Bureau of Investigation" and under the subheading "Salaries and expenses" contained in title II (the Department of Justice Appropriation Act, 1956) of the Departments of State and Justice, the Judiciary, and related agencies Appropriation Act, 1956 (Public Law 133, 84th Cong.), which reads: "Provided, That the compensation of the Director of the Bureau shall be \$20,000 per annum so long as the position is held by the present incumbent"; and

(3) That part of the first paragraph under the heading "National Advisory Committee for Aeronautics" contained in title I of the Independent Offices Appropriation Act, 1956 (Public Law 112, 84th Cong.), which reads "one Director at not to exceed \$17,500 per annum so long as the position is held by the present incumbent";

SEC. 302. Nothing contained in this act shall be held or considered to affect the last proviso in the paragraph under the heading "Federal Prison System" and under the subheading "Salaries and Expenses, Bureau of Prisons" contained in title II (the Depart-

ment of Justice Appropriation Act, 1956) of the Departments of State and Justice, the Judiciary, and related agencies Appropriation Act, 1956 (Public Law 133, 84th Cong.), which reads "Provided further, That hereafter the compensation of the Director of the Bureau shall be \$17,500 per annum so long as the position is held by the present incumbent."

SEC. 303. The rate of basic compensation of any officer or employee of the Federal Government which is in effect immediately prior to the effective date of this act shall not be reduced by reason of the enactment of this act.

SEC. 304. This act shall take effect at the beginning of the first pay period following the date of enactment of this act.

The SPEAKER. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MURRAY of Tennessee. Mr. Speaker, I yield myself 5 minutes.

(Mr. MURRAY of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Tennessee. Mr. Speaker, this legislation is known as the Federal executive pay bill. There are about 300 executive positions covered in this bill. The cost of it is approximately \$1 million per year. There are 8 salary brackets in the bill, ranging from \$25,000 to \$17,000 a year.

In the beginning a proposal was sent down to me as chairman of the Committee on the Post Office and Civil Service setting forth salaries up to \$27,500 for members of the Cabinet and certain other executive positions. I refused to introduce such a bill and I sent back word that I did not propose to sponsor any executive pay legislation which provided that any executive in our Government, outside of members of the Cabinet, shall be paid more than Members of Congress. So thereupon a new proposal was sent down to me as chairman of the committee.

After many, many hours of study and many conferences I introduced a bill which was not entirely the exact proposal sent down to me by the administration.

Now, this bill before you today provides that the 10 members of the Cabinet shall receive a salary of \$25,000. Their present salary is \$22,500, which makes an increase of only \$2,500 in their salary. In the \$22,500 bracket, which is our salary, there are only 7 members of the executive departments who are in this class. Outside of the members of the Cabinet, there are only seven persons in this bill who receive as much as Members of Congress. In the next bracket of \$22,000 there are only 5 executives. In the next bracket of \$21,000 there are 24 executives. In the next bracket of \$20,000 there are 29 executives. In the bracket of \$19,000 there are 190 executives. This is the largest bracket, because this bracket includes members of our various commissions and independ-

ent boards. The next bracket of \$17,500 includes 19 executives and the final bracket of \$17,000 includes 15 officials of our Government.

The last increase given to our executives was in the Executive Pay Act of 1949. These officials in this act have not received any increase in pay for 6 years, since 1949. Since that time there have been 2 pay bills for classified employees, one in 1951 amounting to 10 percent and another pay bill of 7.5 percent this year. Also, Congress has seen fit to increase its salary this year, and certainly we want to extend the same treatment to our executives as we do to ourselves and to our classified personnel.

I can assure you that this bill, containing about 300 positions, was prepared with much care and deliberation. The ranking minority member of the committee, the gentleman from Kansas [Mr. REES], and I collaborated together and held many conferences with officials who are interested, and we prepared our own bill. I certainly hope the House will go along with this bill. It is fair; it is just and reasonable and provides a very moderate increase to these officials. The pay raises in this bill are from \$2,500 to \$4,000. I appeal to you to support your committee.

Basically, this bill is a revision of the Executive Pay Act of 1949. The only change in a major rate in the Executive Pay Act since 1949 was an \$800 increase for the group originally carried in the bill at \$14,000. This was in order to correspond to the increase in the maximum for the Classification Act made in 1951. All other rates of the Executive Pay Act, that is, those at \$15,000 or more a year have remained unchanged since their original establishment in 1949.

Since 1949 there have been substantial increases in pay for Federal employees generally. Public Law 201, 82d Congress, provided a 10 percent increase but not less than \$300 per annum nor more than \$800 per annum, in the rates of the Classification Act and related groups. Public Law 94, 84th Congress, provided a 7½ percent increase for the same groups. Substantial increases were made in the salary schedules of the postal field service by Public Law 204, 82d Congress, and Public Law 68, 84th Congress. The salary rates of Members of Congress and of Judiciary were increased effective March 1, 1955, by Public Law 9, 84th Congress.

However, there has been no general change in the levels of salary rates of heads and assistant heads of departments and agencies and related positions in the executive branch. Until recently, there has been no comprehensive approach to revising the Executive Pay Act.

In the meantime, nevertheless, there has been much separate legislation fixing salaries for executive positions outside the Executive Pay Act. Since 1949 about 20 separate acts of Congress and reorganization plans have fixed rates for about 50 comparable positions outside the Executive Pay Act; some of these are heads and assistant heads of recently created organizations.

Title I of the bill (a) increases the rates of the Executive Pay Act of 1949, and (b) brings it content up to date by eliminating references to obsolete or abolished positions and by consolidating or replacing many individual salary-fixing provisions in existing law.

Title I covers 299 positions at an annual cost of \$1,115,000.

Title II increases the maximum rate for employees paid under the Classification Act. It increases GS-18 from the present rate of \$14,800 to \$16,000 a year. This was the only rate of the Classification Act of 1949 which was not increased by the recently approved employees salary increase. It makes a similar adjustment in the postal field-service schedules.

Also, title II contains adjustments in the pay for medical directors in the Veterans' Administration.

Section 204 of title II provides for adjustments in the salary rates of scientific and professional positions. These positions are limited in number, and the rates range from \$10,000 to \$15,000 a year. The new rate range would be from \$12,500 to \$17,500 a year.

This legislation was requested by the President in a letter to me as chairman of the House Post Office and Civil Service Committee. The President in his letter outlined the general principles which he believed should be followed in making this adjustment in executive salaries.

The President stated in his letter with respect to executive salaries that "the Cabinet rate be increased to a level of \$25,000." With this benchmark as an important guide, this bill organizes the offices, positions, and rates below Cabinet level in such a way as to produce, in proper and logical relationship between responsibilities on the one hand, and salary rates on the other.

In general, the salary levels of the bill are as follows: First, the Cabinet office level set at \$25,000 a year. The next is at \$22,500 which includes such positions as Deputy Secretary of Defense, Director of Office of Defense Mobilization, Comptroller General, and Director of the Bureau of the Budget. At \$22,000 are such positions as the Secretaries of the Army, Navy, and Air Force. The next group are positions established at a salary of \$21,000 a year and includes the Administrators of most of the independent establishments such as the Administrator of the Veterans' Administration and the Administrator of the General Services Administration.

The next group at \$20,000 a year includes positions such as the Comptroller of the Currency and members of certain boards and commissions. The next group, which is by way the largest group, contains members of most boards and commissions and has a salary rate of \$19,000 a year. The next group at \$17,500 includes such positions as Commissioner of the Indian Claims Commission and Commissioners of the United States Court of Claims.

The next group at \$17,000 a year includes such positions as Commissioner of Customs, Commissioner of Narcotics, and so forth.

Mr. GROSS. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I want to commend the gentleman from Tennessee [Mr. MURRAY] and the gentleman from Kansas [Mr. REES] and the members of the committee who have worked very diligently and effectively on this important measure.

I think the gentleman from Tennessee put his finger on the nub of the problem when he said that very properly in this Congress we have adjusted and brought up to date the pay of the legislative branch of the Government and the judicial branch of the Government. I believe we all recognize that following that precedent—and, as I say, it was a good precedent, which I supported; I did the best I could to bring it to passage—but, we must all recognize that these top people in the executive branch of the Government, in positions of extreme responsibility, where their labors are necessarily burdensome and where they are working day in and day out and many times through the night, are likewise entitled to an increase in their pay to bring them up to date. I do not need to remind you, because it is something that has been said to us before not only by the present occupant of the White House but by occupants of the White House preceding him in my time, that they find it increasingly difficult to get able people to give up salaries at a much higher figure in private life to come down here in the service of the Government.

It is bad enough as it is, and certainly we cannot expect our Federal Government and the executive branch of the Government to continue to function efficiently, as it should, unless we are able to attract the people with talent and capacity we need in the Government for these assignments.

As the gentleman from Tennessee [Mr. MURRAY] pointed out, the original suggestions of the administrative branch of the Government were quite a bit in excess of the figures that are here presented. But I think I can say to you with complete assurance that this measure is acceptable to the administration. While it does not go in some particulars as far as they would like to have it go, it certainly is very obviously a step in the right direction. I sincerely hope that without too much delay we shall proceed to the passage of this measure.

Mr. CRETELLA. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. CRETELLA. I should like to ask the chairman of the committee, the gentleman from Tennessee [Mr. MURRAY], a question.

On page 5 of the bill, each assistant secretary of an executive department is provided for. What arrangement has been made for career assistant secretaries?

Mr. MURRAY of Tennessee. I might state that the career secretaries are under the Classification Act. The top salaries of classified employees are raised from \$14,800 to \$16,000.

Mr. CRETELLA. Then I understand that the career secretaries are taken care of under the Classification Act?

Mr. MURRAY of Tennessee. That is correct.

Mr. HALLECK. As a matter of fact, when we dealt with the matter of pay in the legislative establishment and with the matter of pay for the judiciary, and now as we are dealing with the pay of people in the executive branch in these responsible positions, we have kept, and we must keep, in mind that in recent years the classified employees and the postal employees have had successive raises, one after another, that have kept them pretty well in line with the advance in the cost of living. But these people we seek to deal with here have not had that treatment.

Mr. GROSS. Mr. Speaker, I yield myself 5 minutes.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, it is not my intention to labor this issue, but there are a few facts that the Members of the House ought to have before they vote upon this provision.

In the first place, the Committee on Post Office and Civil Service was called to meet at 10 o'clock last Wednesday morning. At approximately 10:45 o'clock we still had no bill before us, no executive pay raise bill. Somewhere around 10:45 or between that time and 11 o'clock a carrier pigeon arrived with copies of this bill.

What I am saying is that there has been not a single moment of hearings upon this bill. It was considered in committee for about 30 minutes, between 30 and 45 minutes, and voted out to the floor of the House.

Mr. MURRAY of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes.

Mr. MURRAY of Tennessee. The bill was fully explained by me to the committee, and does not the gentleman know that only three members of the committee, including himself, voted against it?

Mr. GROSS. Certainly that is correct. There were only three members of the committee who voted against it. But the gentleman does not dispute the fact that the bill was still hot off the printing presses when we got it. We had never seen a copy of the bill before. The gentleman will also bear me out that not one moment of hearings was held in justification of this proposed legislation.

Mr. Speaker, I should like to call attention to the letter from the White House to the chairman of the committee, the gentleman from Tennessee [Mr. MURRAY] in connection with this bill. The President said, in part:

For 85 years the pay for Cabinet members has been 50 to 60 percent higher than the pay of Members of Congress. I have always felt that this differential has been excessive, and was pleased when the Members' pay was recently increased. The effect of Public Law 9 was to put congressional pay on the same level as that of Cabinet officers. Reestablish-

ishment of the traditional relationship would require—

And so forth. I was not aware until I read that letter that Cabinet officers and perhaps others in Government are traditionally entitled to higher pay than Members of Congress. I thought it was upon a basis of justification that Cabinet officers and other officers of the Government are paid, but I learn to my dismay that the increase in pay proposed here for Cabinet officers and other officers of Government is based upon a traditional relationship over that of Members of Congress. If we are going to deal in tradition perhaps some attention ought to be given to the Cadillacs, chauffeurs, special planes, and a few other things that are furnished Cabinet officers and others.

Let us take a look at this bill. I am not fully acquainted with all its provisions, because, as I stated before, no hearings were held. Members of the committee have had no particular opportunity to acquaint themselves with all the details. But let me tell you that these increases run from 8.1 to 37.5 percent.

Mr. LONG. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. LONG. This is an administration bill and a "must"; is it not?

Mr. GROSS. It is not a "must" with me and I doubt that it is a "must" with the gentleman from Louisiana.

Let me repeat, these increases go from 8.1 percent to 37.5 percent, notwithstanding the fact that back in 1949 a pay increase was voted for the executive branch of the Government which provided for increases in some instances of approximately 100 percent. So it could be possible that with this bill some people are being increased 137.5 percent since 1949. I regret that I have not had time to make accurate totals in this respect.

Mr. MURRAY of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MURRAY of Tennessee. Will the gentleman cite one particular example of what he is stating?

Mr. GROSS. The gentleman well knows there were some increases in 1949 that went from approximately \$10,000 to \$20,000.

Mr. MURRAY of Tennessee. What cases are those, may I ask the gentleman from Iowa?

Mr. GROSS. I do not have them here but the gentleman knows that to be approximately the fact.

Mr. MURRAY of Tennessee. No; I do not know it.

Mr. GROSS. I will be glad to present the gentleman with some figures later on.

I would not be opposed to raising some salaries if we were getting more efficiency out of some people over including the Department of Defense which suddenly discovered, a few days ago, \$302 million under some mattress or on some shelf—\$302 million they did not know they had. And some of these employees in the Foreign Operations Administration suddenly discovered, a few

days ago, they had \$66 million they did not know they had. I would be perfectly willing to pay people in Government if we were getting value received, but in all too many instances I say to you that we are not.

Mr. MURRAY of Tennessee. May I say to my friend, the gentleman from Iowa, that I had thought that extensive hearings were not necessary since many, many hours were spent in the planning of this bill. I thought in view of the fact that Members of Congress had already increased their salaries 50 percent and had given two increases to the classified and postal employees since 1949, everyone should agree we should treat these executive officers fairly, reasonably, and right, just as this bill does.

Mr. GROSS. I know of no reason why a Cabinet officer should be paid more than a Member of Congress. If the gentleman has some good reason for it, let him state it. I see no justification for this pay increase. We did not have any real justification before the committee and we do not have it now. The taxpayers of this country are being loaded with debt and taxes. This bill ought to be defeated.

Mr. REES of Kansas. Mr. Speaker, the chairman of the committee has made a fine, concise statement covering a very complex salary schedule. It is a subject with which he is thoroughly familiar—made doubly so by the fact that he spent so much time and so much effort in attempting to clear the salary schedules and the relative positions of the executive branch of the Government with the leadership of the Congress and responsible officials of the White House.

It is seldom, in my experience, that a bill as complex as this one, a bill which must with necessity involve so many personalities and positions of such importance, could be approved without amendment.

Our committee approved this bill without amendment by a substantial vote. I might say that this was a vote not only of a job well done but a vote of complete confidence in the Chairman of the Post Office and Civil Service Committee who has done such an outstanding job in this Congress.

Addressing myself now to the principle involved in this request of the President, in my opinion this is in much the same category as legislation which we passed involving our own housekeeping plans for the legislative budget.

The positions of the individuals covered by this legislation represent the official family of the President. With but few exceptions they are appointed by the President, and with the advice and consent of the Senate. We should treat this request of the President, and approach the consideration of this legislation, in the same spirit that he has accorded our own problems.

I can think of no more appropriate time than this to say something that has been long on my mind. It is this: Never in the history of this Government has there been a President who has been more concerned that the Congress and its Members be given proper recognition at the highest level in our Government.

The President has been most generous in his consultation with the leadership of the Congress. His thoughtfulness, his kindly consideration, have won for him many friends on both sides of the aisle. It has won for him the approval of outstanding legislative programs in the 83d Congress and this first session of the 84th Congress.

The President has consistently and strongly asserted that Congress is the very essence of the Democratic Government we enjoy. His request in this executive pay bill is consistent with that policy. He has recommended that only officers at the Cabinet level be paid more than Members of Congress. He has done this forthrightly, despite comments from other directions and, I am sure, many pressures, pointing out that although for years many executives of the Government were paid more than Members of Congress, this has never been justified and should be corrected.

I hope that this legislation will be adopted in the spirit in which it is sent down, a spirit of correcting inequities and of bringing into line the salaries of his official family as a final link in the many adjustments that have been made in the Federal salary schedules.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill, H. R. 7619?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXTENDING MAILING PRIVILEGES TO MEMBERS OF THE ARMED FORCES

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 7125) to extend to June 30, 1956, the free mailing privileges granted by the act of July 12, 1950, to members of the Armed Forces of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

FLOOD-CONTROL IMPROVEMENT AT ST. LOUIS, MO.

Mr. DAVIS of Tennessee. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7092) to provide for the improvement of the Mississippi River at and in the vicinity of St. Louis, Mo., for flood control, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That the following work of improvement for the control of destructive floods is hereby adopted and authorized to be prosecuted under the direction of the Secretary of the Army and the supervision of the Chief of Engineers in accordance with the plans in the report hereinafter designated and subject to the conditions set forth therein:

Mississippi River, at and in the vicinity of St. Louis, Mo., in accordance with the recommendations of the Chief of Engineers in Senate Document No. 57, 84th Congress, 1st session, at an estimated cost of \$123,020,000.

tion of this nature. The Committee on Government Operations has held hearings on the measure, under the chairmanship of the distinguished Senator from Arkansas [Mr. McCLELLAN], as well as in a subcommittee headed by the Senator from Minnesota [Mr. HUMPHREY]. It is my understanding that it is the intention of the committee in the next session of Congress to report permanent legislation. This is stopgap legislation, to take care of communities which are seriously affected, in order to give them some immediate relief from a situation from which they have suffered for some time.

There may be some ground for the fears of the distinguished Senator from Massachusetts. However, this is not permanent legislation, and certainly it could result in a situation worse than that which exists today because of the actions of various Government departments.

Mr. SALTONSTALL. That is correct. I was wondering whether the Senator from Arkansas would be in a position to have section 704, subparagraph 1 deleted, and leave in the bill subparagraph 2, so that the property owned by the Government would not be subject to any lien or attachment, but the interest would still accrue. Would there be any objection to striking out that paragraph? I would not want to do it if it would jeopardize the passage of the bill, but I think it would be fairer and would still give the Government protection.

Mr. POTTER. It is a question of applying penalties to the Federal Government.

Mr. SALTONSTALL. I do not like the word "penalties." In many instances, the communities affected need the money very badly. If they do not get the money, they have to borrow money themselves to pay the bills.

Mr. MUNDT. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield, if I have the floor.

Mr. MUNDT. I hope the Senator will not press the amendment, because, very frankly, as a member of the committee I was disinclined to go along with the bill, except for the emergency situation. It was with some forebodings that I attached my name to the report on the bill in its present form.

Mr. SALTONSTALL. This is a temporary bill. I shall not press my amendment, because, if there is any value in it, it can be brought up at the next session.

Mr. MUNDT. As the Senator from Michigan has brought out, we expect to have some overall legislation covering the question. That is one reason why I was disinclined to go along with this bill, but because of the appeals made by the Senator from Michigan and others I was prevailed upon in the interim period not to oppose the bill.

Mr. SALTONSTALL. I am glad the gentlemen were persuasive, because it is a matter of importance to several communities in my State which have suffered. It is a very difficult problem.

Mr. MUNDT. There was some discussion sometime ago about taking the Government out of business. It occurred to me that this would be a good place to start to encourage Congress to get the

Government out of business. But I am willing to approve this temporary legislation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. ERVIN. Mr. President, there is an identical House bill, I think.

Mr. POTTER. Mr. President, that is correct.

Mr. ERVIN. Mr. President, I ask that the House bill be laid before the Senate.

The PRESIDING OFFICER laid before the Senate bill (H. R. 6182) to amend the Federal Property and Administrative Services Act of 1949 to make temporary provision for making payments in lieu of taxes with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments, which was read twice by its title.

Mr. ERVIN. I move that the Senate proceed to the consideration of the House bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to; and the Senate proceeded to consider House bill 6182.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. What is the bill which is now before the Senate?

The PRESIDING OFFICER. House bill 6182. The Chair is advised that it is identical with the Senate bill.

Mr. ERVIN. Mr. President, I ask unanimous consent that the House bill may be amended by striking out all after the enacting clause and inserting the Senate bill as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 6182) was read the third time and passed.

AMENDMENT OF SECTION 112 (N) (8) OF THE INTERNAL REVENUE CODE OF 1939

The Senate proceeded to consider the bill (H. R. 257) to amend section 112 (n) (8) of the Internal Revenue Code of 1939, to provide that in certain cases of a sale or exchange of a taxpayer's residence, certain periods of limitation shall not run against the taxpayer while he is on extended active duty in the Armed Forces, which had been reported from the Committee on Finance with an amendment on page 2, after line 5, to insert:

Sec. 3. The Internal Revenue Code of 1954 is amended by adding a new section to chapter 1 of subtitle A immediately following section 1341 to read as follows:

"Sec. 1342. Computation of tax where taxpayer recovers substantial amount held by another under claim of right.

"(a) General rule: If—

"(1) an item was deducted from gross income for a prior taxable year (or years) be-

cause it appeared that another person held an unrestricted right to such item as a result of a court decision in a patent infringement suit (whether or not the taxpayer is a party to such suit); and

"(2) gross income is increased for the taxable year because it was established after the close of such prior taxable year (or years) that such other person did not have an unrestricted right to such item or to a portion of such item because of the subsequent reversal of such court decision on the ground that such decision was induced by fraud or undue influence; and

"(3) the amount of such increase in gross income exceeds \$3,000, then the tax imposed by this chapter for the taxable year shall be the lesser of the following:

"(4) the tax for the taxable year computed with the gross income so increased; or

"(5) an amount equal to—

"(A) the tax for the taxable year computed without such increase in gross income, plus

"(B) the increase in tax (including interest) under this chapter (or the corresponding provisions of prior revenue laws) for the prior taxable year (or years) which would result solely from the elimination of such item (or portion thereof) as a deduction from gross income for such prior taxable year (or years).

"(b) Special rule: For the purposes of subsection (a) (5) (B) interest shall be computed from the due date of the return for such prior taxable year to the due date of the return for the taxable year."

Sec. 4. The amendment made by section 3 of this act shall apply with respect to taxable years beginning after December 31, 1954.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend section 112 (n) (8) of the Internal Revenue Code of 1939, relating to the suspension of certain periods of limitation while the taxpayer is on extended active duty with the Armed Forces, and to amend the Internal Revenue Code of 1954 with respect to tax treatment where the taxpayer recovers amounts held by another under claim of right."

AMENDMENT OF SECTION 1233 OF THE INTERNAL REVENUE CODE OF 1954

The bill (H. R. 6263) to amend section 1233 of the Internal Revenue Code of 1954 was announced as next in order.

Mr. DOUGLAS. Mr. President, may we have an explanation of the bill?

Mr. BYRD. Mr. President, this bill has two major provisions. The first provision relates to arbitrage operations in securities; that is, the purchase of one security and the almost simultaneous sale of another security into which the security purchased was convertible. Ordinarily, these transactions involve the purchase of convertible bonds and the sale of the stock into which the bonds may be converted. The bonds are then converted into stock and delivered to complete the transaction. Under present law, this type of transaction has been held to be a short sale and the taxpayer is required to compute the holding period of other stock of the type sold, which he is holding for investment, from the time

he completes the arbitrage transaction rather than from the time he purchased his stock. This bill provides that the holding period of securities not involved in the arbitrage operation will not be affected by the arbitrage operation under the conditions provided in the bill.

The Finance Committee added an additional provision to this bill. The definition of a personal holding company includes a corporation if during the last half of the taxable year more than 50 percent of its stock is owned by not more than 5 individuals. Charitable trusts are generally considered as individuals in applying this test of stockownership. This provision will consider charitable trusts not to be individuals for purposes of this test if the trust was created before July 1, 1950, and if the trust has owned, since that time and until the close of the taxable year, all of the common stock and at least 80 percent of the stock of all other classes of the corporation whose status as a personal holding company or otherwise is being determined. The restrictions of 504 (a) (2) and (a) (3) and section 681 (c) (2) and (3) which prevent charitable trusts from being utilized to defeat the purpose for which the charitable exemption was granted or to jeopardize the interest of the charitable beneficiaries are made applicable.

This bill was reported out unanimously by the Ways and Means Committee and passed the House of Representatives on the Consent Calendar.

Mr. DOUGLAS. Mr. President, I should like to have a little more detailed discussion of the practical effect of the first part of the bill. I looked up the definition of "arbitrage" in the dictionary, and it is what I thought it was. It is as follows:

Simultaneous, or nearly simultaneous, purchasing, as of commodities and securities or bills of exchange, in one market where the price is lower than in another, and selling in the other.

Mr. BYRD. If the Senator will refer to the Senate report on the bill, page 2, he will see an example.

Mr. DOUGLAS. What will be the practical effect? The bill adds a new title F to section 1233. What will be the practical effect upon revenues and upon exemptions of these provisions?

Mr. BYRD. I am advised by the staff that there will be practically no effect on the revenues.

Mr. DOUGLAS. Is the bill designed to fit a special case or a group of special cases?

Mr. BYRD. It is to fit all transactions. I think if the Senator will read the example on page 2 of the report, it will give him some idea of the purpose of the bill.

Mr. DOUGLAS. Is that the one which is in fine print?

Mr. BYRD. It gives an explanation of the arbitrage operations.

Mr. DOUGLAS. I was merely asking the Senator from Virginia to identify the example. Is that the material in fine print?

Mr. BYRD. Yes; the material in fine print, which explains the purpose.

Mr. DOUGLAS. Are these held to be short sales, or are they now defined not to be short sales?

Mr. BYRD. They are held to be short sales, merely because the stocks are first purchased. I think the example very thoroughly explains the purpose.

Mr. DOUGLAS. Does the bill change the rate of taxation upon those who engage in the practice of selling bonds and stock against each other?

Mr. BYRD. It does not change the rate of taxation. I read the ruling of the Internal Revenue Service, which appears on page 2 of the report:

Certain bonds traded in on the New York Stock Exchange are convertible at the option of the holder, into common stock of the issuing corporation. The market price of the bonds tends to fluctuate in direct relation to the market price of the stock. At times, however, there is a slight difference in the relative market prices of the bonds and stock. When the price of the bonds is down, in relation to the price of the stock, members of the exchange buys the bonds at the market price and as nearly simultaneously as possible sell the stock into which the bonds are convertible. The bonds purchased are then converted and the stock so received is used to close the sale. These transactions are known as arbitrage operations. Held, sales of stock in the manner described constitute short sales within the purview of section 117 (1) of the Internal Revenue Code.

Mr. DOUGLAS. The Senator from Illinois is probably stupid, but he does not understand the effect of what is sought to be done.

Mr. BYRD. I will admit that the bill is quite complicated. If the Senator would prefer to have the bill go to the foot of the calendar, in order to secure further information, I shall be glad to suggest that that be done.

Mr. DOUGLAS. I thank the Senator.

Mr. BYRD. Mr. President, I ask that the bill go to the foot of the calendar.

The PRESIDING OFFICER. Without objection, Calendar 1272, House bill 6263, will go to the foot of the calendar.

PROHIBITION OF EMPLOYMENT BY THE UNITED STATES OF DISLOYAL PERSONS

The bill (H. R. 6590) to prohibit the employment by the Government of the United States of persons who are disloyal or who participate in or assert the right to strike against the Government of the United States, and for other purposes, was announced as next in order.

Mr. McNAMARA. May we have an explanation of the bill?

Mr. JOHNSTON of South Carolina. The bill does not entail the passage of anything new; it is simply a codification of provisions in previous appropriation bills. Every year we recodify them in order to simplify recourse to the laws.

Mr. HOLLAND. I thoroughly approve of the statement of the chairman of the committee. Not only on appropriation bills have these provisions been enacted since 1946; but this bill incorporates the language contained in section 612 of the Housing Act of 1949, section 9 (a) of the Hatch Act, and section 305 of the Labor-Management Relations Act of 1947; and it repeals the provisions in all those bills so as to have them in one place, properly codified.

I congratulate the Senator upon the work of his committee.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

THE EXECUTIVE PAY ACT OF 1955— BILL PASSED OVER

The bill (S. 2628) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and for other purposes, was announced as next in order.

Mr. BIBLE. Over.

The PRESIDING OFFICER. The bill will be passed over.

HENRY T. QUISENBERRY

The bill (H. R. 4508) for the relief of Henry T. Quisenberry was considered, ordered to a third reading, read the third time, and passed.

ENTRY AND LOCATION UPON PUBLIC LANDS OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 2629) to provide for entry and location, on discovery of a valuable source material, upon public lands of the United States classified as or known to be valuable for coal, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with an amendment, to strike out all after then enacting clause and insert:

That, subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, public lands of the United States classified as or known to be valuable for coal subject to disposition under the mineral leasing laws and which are open to location and entry subject to the conditions and provisions of the act of August 13, 1954 (68 Stat. 708), unless embraced within a coal prospecting permit or lease, shall also be open to location and entry under the mining laws of the United States upon the discovery of a valuable source material occurring within any seam, bed, or deposit of lignite in such lands: *Provided*, That a copy of the notice of any mining location made for source material occurring in any such bed, seam, or deposit, shall be filed for record in the land office of the Bureau of Land Management for the State in which the claim is situated within 90 days after the date of its location: *Provided further*, That the claimant to any such mining location shall report annually to the Mining Supervisor of the Geological Survey the amount of lignite mined or stripped in the recovery of such valuable source material during each calendar year and tender payment to him of 10 cents per ton thereon. Any mineral patents issued hereunder shall be made subject to the recording and payment requirements of this section and shall contain a reservation to the United States of all Leasing Act minerals owned by the United States other than lignite containing valuable source material and lignite necessary to be stripped or mined in the recovery of such material. Mining claims located and mineral patents issued under the provisions of this act shall not include rights to lignite not containing valuable source material except

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SENATE

17. **FORESTS.** Sen. Goldwater spoke in support of S. 55, to authorize the USDA to acquire certain forest lands from the Aztec Land & Cattle Co. He suggested that certain lobbying activities of the National Lumber Manufacturers Association were preventing favorable action on the bill by the House, and inserted several letters from interested parties supporting that contention (pp. 10844-6).
18. **RESEARCH.** Sen. Smith, N. J., inserted a newspaper article by Dr. A. T. Waterman commenting favorably on efforts by the Government and private industry to expand the educational facilities for students interested in science (pp. 10847-8).
19. **BUDGET.** Sen. Goldwater inserted a table detailing the budget surpluses and deficits of Congresses from 1946 to 1955 (pp. 10849-51).
20. **SUGAR.** Sen. Fulbright objected to consideration of H. R. 7030, the sugar bill, upon its second reading because it was believed that the importance of the bill would seem to warrant greater consideration than the closing hours of the session would permit. Sen. Thye rejoined that the legislation was needed for emergency matters (pp. 10851-2, 10877). Sen. Long served notice that he would ask for a suspension of the rules in the consideration of H. R. 7030, without reference of the bill to the Senate Finance Committee; and Sen. Douglas questioned the propriety of that procedure (pp. 10920-1). Sen. Long submitted an amendment to be proposed by him to H. R. 7030, and it was ordered to be printed (p. 10948).
The Finance Committee ordered favorably reported S. 1635, to amend and
1. extend the Sugar Act of 1948, after striking all after the enacting clause and substituting the language of H. R. 7030, with the following changes: "The formula for future growth to be 55 percent for domestic and 45 percent for foreign; the foreign quota to be divided on basis of 60 percent to Cuba and 40 percent to be divided among full-duty countries proportionately on basis of their sales of sugar in U. S. market during last 4 years; benchmark to be 8,300,000 tons; and a 6-year extension in lieu of 4 years."
2. **HOUSING.** Received and agreed to the conference report on S. 2126, the housing bill (pp. 10906-11). The conferees agreed to continuation of the present farm-housing program through the fiscal year 1956, with \$112 million available for direct loans, to prevent defaults in payments on loans for potentially adequate farms and for the improvement and repair of farms.
22. **FORESTRY CONSERVATION.** Sen. Clements inserted the remarks of Sens. George and Magnuson on the practices of conservation by private industry, the U. S. Forest Service, and State agencies. Sen. Magnuson commended the activities of the Rayonier Corporation in the field of conservation and suggested that conservation should be construed to mean adequate and planned utilization of forests and forest products (pp. 10929-31).
23. **ECONOMIC DEVELOPMENT.** Sen. Watkins inserted two articles prepared by himself citing the achievements of the U. S. economy in the second quarter of 1955 (pp. 10938-41).
24. **EXTENSION WORK.** Concurred in the House amendment to S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10883-4). This bill will now be sent to the President.

25. **EXPERIMENT STATIONS.** Concurred in House amendments to S. 1759, to consolidate authorization legislation regarding aid to State agricultural experiment stations (p. 10884). This bill will now be sent to the President.
26. **MARKETING.** Concurred in House amendments to S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10884). This bill will now be sent to the President.
27. **FARM LOANS.** Concurred in House amendments to S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10882). This bill will now be sent to the President.
28. **PERSONNEL.** Received and agreed to the conference report on S. 1041, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States (p. 10913). House and Senate conferees had been appointed earlier in the day (pp. 10877, 11005). The conferees agreed to the House amendments to the bill.
- Concurred in House amendments to S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 10882-3). This bill will now be sent to the President.
- Concurred in House amendments to S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10882). This bill will now be sent to the President.
- Passed with amendment H. R. 7618, to increase the annuity benefits of retired Federal employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10853, 10902, 10912, 10924-6).
- Agreed to the conference report on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10899, 10901-5).

S. 2628, the executive pay bill, provides as follows as reported by the committee:

Provides specific salaries for various officials, including: Secretary of Agriculture, Director of Office of Defense Mobilization, and Director of the Budget, \$25,000; 2 Administrative Assistants to the President, and Comptroller General, \$22,500; Administrator of Veterans' Affairs, \$22,000; 3 Administrative Assistants to the President, Under Secretary of Agriculture, Administrator of General Services, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, and Governor of FCA, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and members of Council of Economic Advisers, \$20,500; 7 Administrative Assistants and staff assistants to the President, 3 Assistant Secretaries of Agriculture, Fiscal Assistant Secretary of the Treasury, members (other than chairman) of Civil Service Commission, Deputy Administrator of General Services, Archivist, Administrator of Production and Marketing Administration, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of Budget Bureau (2), Director of National Science Foundation, and General Counsel (or other comparable officer) of a department when required to be appointed by the President, \$20,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Ser-

vice, Commissioner of Reclamation, Administrator of SCS, Chief of Forest Service, Administrator of Farmers Home Administration, and Manager of Federal Crop Insurance Corporation, \$17,500.

Adds a salary rate of \$14,835 at the end of the present pay scale of GS-17, which now consists of 4 rates, but makes no change in the rates of the first 4 steps. Increases GS-18 to \$16,000 as a new minimum rate for the grade, and adds 3 rates ending at \$17,500. Increases from \$15,000 to \$17,500 the maximum salaries of not to exceed 5 USDA specialists in foot-and-mouth and other animal diseases.

29. DEFENSE PRODUCTION. Debated the conference report on S. 2391, to amend and extend the Defense Production Act to June 30, 1956, and adopted, 36 to 34, a Capehart motion to recommit the conference report with instructions to eliminate certain language respecting the employment of persons without compensation (pp. 10839, 10915-24, 10942-5).
30. PERSONNEL; EXPENDITURES. Sen. Byrd submitted an additional report on Federal employment and pay for the month of June 1955 (pp. 10830-2).
- PRICE SUPPORTS; GRAIN. Sen. Thye inserted two radio broadcasts made by him in discussing agricultural programs, stating, "I have differed with the administration on certain phases of the agriculture program and I have supported it in other phases" (pp. 10841-4).
32. ELECTRIFICATION. Sen. Humphrey expressed concern over certain decisions made during the development of electric power from atomic energy and the relation to REA (pp. 10944-5).
- Sen. Langer inserted resolutions adopted by the N. Dak. Association of Electric Cooperatives opposing Hoover Commission recommendations relative to electric power (pp. 10948-9).
33. LEGISLATIVE PROGRAM. The acting Majority Leader scheduled consideration of Executive business as the first order on Tues., Aug. 2 (pp. 10927-9, 10949).

HOUSE (CONTD.)

34. WHEAT; CCC. H. R. 7641 would authorize CCC to make available to the Interior Department wheat which has been declared unfit for human consumption, to be used to lure migratory waterfowl away from crops. CCC would be reimbursed by the Interior Department for the acquisition cost of the wheat, or the current support price (whichever is lower), plus the costs of any packaging, transporting, or handling required for delivery of the wheat which CCC determines to be in excess of the normal costs incurred in moving such commodity, less an allowance determined by the Interior Department to be appropriate to cover the deterioration of the wheat.

BILLS INTRODUCED

35. FLOOD CONTROL. S. 2733, by Sen. Watkins, to provide for repayment to the U. S. of certain costs of certain rivers and harbor and flood control projects; to Public Works Committee (p. 10838). Sen. Watkins suggested that certain flood control projects should be placed on a reimbursable basis, as are many of the reclamation projects, in order to remove some of the criticism against water resource development projects by placing them on a business basis (pp. 10854-6).

36. IDDLIFE. S. 2732, by Sen. Neuberger, to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations; to Agriculture and Forestry Committee (p. 10838). Remarks of author (pp. 10838-9).
37. FERTILIZER. S. 2737, by Sen. Smith, N. J., H. R. 7797, by Rep. Church, and H. R. 7802, by Rep. Hiestand, to provide for the transfer to the Department of Agriculture of the fertilizer research facilities of the Tennessee Valley Authority; to Senate Committee on Public Works and House Committee on Government Operations (pp. 10838, 11050).
38. ORGANIZATION. S. 2740, by Sen. Smith, N. J., H. R. 7795, by Rep. Church, and H. R. 7801, by Rep. Hiestand, to provide for the closing of certain commercial type enterprises operated by civilian departments and agencies of the Government; to Government Operations Committees (pp. 10838, 11050).
39. CONSERVATION. S. 2742, by Sen. Case, S. Dak., to authorize the issuance of a special stamp commemorative of the 50th anniversary of the founding and accomplishments of the conservation movement in the United States; to Post Office and Civil Service Committee (p. 10838).
40. PERSONNEL. S. 2747, by Sen. Morse (for himself and others), to require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their income, the value of their assets, and their dealings in securities and commodities; to Rules and Administration Committee (p. 10948). Remarks of author (p. 10945).
H. R. 7786, by Del. Farrington, to permit a resident of Hawaii employed by the Federal Government in Hawaii to accumulate a maximum of 45 days a year annual leave; to Post Office and Civil Service Committee (p. 11050).
H. R. 7813, by Rep. Multer, to provide for the establishment of a commission to review all cases in which the employment of a Federal employee has been suspended or terminated under any loyalty or security program of the United States, including any summary suspension or termination of employment permitted by law to protect the national security of the United States; to Post Office and Civil Service Committee (p. 11050).
41. RECLAMATION; ELECTRIFICATION. H. R. 7787, by Rep. Gubser, to authorize the Secretary of the Interior to construct, operate, and maintain as additions to the Central Valley project, California, the Trinity River division and the San Luis Reservoir, the San Luis-West Side Canal, the Avenal Gap Reservoir, the Antelope Plain Canal (West San Joaquin division), and the Santa Clara-San Benito unit; to Interior and Insular Affairs Committee (p. 11050).
42. DAIRY INDUSTRY. H. R. 7788, by Rep. Marshall, to provide for the uniform grading and labeling of butter; to Agriculture Committee (p. 11050).
43. ROADS. H. R. 7810, by Rep. Mack, Wash., to amend and supplement the Federal Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways; to Public Works Committee (p. 11050).
44. WATER COMPACT. H. R. 7812, by Rep. Halleck, to grant the consent and approval of Congress to a Great Lakes Basin compact; to Foreign Affairs Committee (p. 11050).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 4, 1955
For actions of August 2, 1955
84th-1st, No. 133

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HIGHLIGHTS: Sens. Morse, Humphrey and Russell spoke against passage of executive pay bill. Rep. Cooley discussed and inserted analysis of sugar bill. Rep. Jones, Mo., criticized USDA cotton export policies. Rep. Utt commended McConnell for surplus commodities disposal program.

List of Legislation: Attached to this Digest is a list of new agricultural and related legislation, with the numbers of the laws and enrolled bills on the left side and the dates of approval on the right side. This is a preliminary check list and does not replace the annual digest of legislation, which will be issued soon.

SENATE

1. EXECUTIVE PAY. Sens. Morse, Humphrey and Russell spoke opposing consideration of the executive pay bill. Sen. Morse stated that "there have been no hearings, and no witnesses have testified, and no opportunity has been afforded to sit down and iron out the unfair discriminations which are contained in the executive pay bill!" (pp. 11278-80.)
2. EDUCATION. Sen. Morse said there is need for Federal aid to education and inserted an historical analysis of Federal aid to education programs (pp. 11287-307).
3. LEGISLATIVE RECORD. Sen. Knowland inserted in the record a report of the accomplishments of the administration during the 84th Congress, 1st session (pp. 11311-9).

HOUSE

4. FARM PROGRAM. During debate on the transit bill on Aug. 2, Rep. Curtis (Mo.) extended his remarks in the Record, refuting recent charges regarding administration of the farm program in Mo. (pp. 11112-3).

ITEMS IN APPENDIX

5. COTTON. Sen. Johnston inserted a newspaper article commenting on the threatened loss of market by the domestic producers to Japanese textile manufacturers and suggesting that cotton import quotas be established to remedy this situation (pp. A5688-9).
Extension of remarks by Rep. Jones, Mo., criticizing the alleged indecision of the USDA to export surplus cotton at a reduced price (pp. A5693-4).
6. SURPLUS COMMODITIES. Sen. Smathers inserted a newspaper editorial commending Sen. Byrd for his efforts in behalf of Government fiscal management, but commented that the growing agricultural surpluses may upset the present trend toward a balanced budget (p. A5689).
Extension of remarks by Rep. Utt commending Assistant Secretary McConnell for his aggressive policies designed to reduce amount of surplus commodities through planned sales. Rep. Utt further suggested that Congress support Mr. Daniels in his new position as sales manager for the CCC. (pp. A5728-9).
Extension of remarks by Rep. Harrison, Neb., favorable to the enactment of S. 2253, to expand and extend the purposes of Public Law 480. Rep. Harrison suggested that the provisions of Public Law 480 should be relieved of the cargo-preference section to facilitate further sales to maritime nations. (pp. A5692-3).
7. FORESTRY: MINING. Extension of remarks by Rep. Young, Nev., explaining the provisions of H. R. 5891, the mining-forestry bill recently enacted, and commending the USDA for cooperation in the formulation of the measure (pp. A5694-7).
8. FORESTS. Extension of remarks by Rep. Matthews, Fla., urging action on H. R. 7537, which would establish a fee for the use of national forests by the public, the funds obtained in this manner to be used by the Forest Service for the improvement and maintenance of the forest areas for recreational purposes (pp. A5701-2).
9. ELECTRIFICATION. Sen. Carlson inserted a magazine article by Mr. T. Anderson suggesting that the low electric rates of TVA are at the expense of an increased tax burden on the general public and that TVA should be placed on a "business basis" (p. A5706).
10. PRICE SUPPORTS. Rep. Thornberry inserted a magazine editorial by H. Fox favoring continued high price supports to enable the farmer to make a profit. Mr. Fox criticized the USDA for its failure to maintain price supports at 90% of parity. (p. A5715.)
Rep. Lovre inserted a newspaper editorial challenging the "eastern industrialists" to relinquish their tariffs and "price supports" before criticizing the farmer for his desire to retain price supports (p. A5888).
11. GRAIN STORAGE. Sen. Murray inserted a newspaper article citing grain movements and grain storage activities as a contributing factor to the alleged boxcar shortage (p. A5736).

Calendar No. 1316

84TH CONGRESS
1ST SESSION

H. R. 7619

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar

AN ACT

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Federal Executives Pay
4 Act of 1955”.

5 TITLE I—BASIC COMPENSATION FOR HEADS OF
6 EXECUTIVE DEPARTMENTS AND OTHER FED-
7 ERAL OFFICIALS

8 SEC. 101. The annual rate of basic compensation of the
9 head of each executive department and of the Secretary of
10 Defense shall be \$25,000.

1 SEC. 102. The annual rate of basic compensation of
2 the Deputy Secretary of Defense, of the Under Secretary
3 of State, of the Director, Office of Defense Mobilization,
4 of the Comptroller General of the United States, and of the
5 Director of the Bureau of the Budget shall be \$22,500.

6 SEC. 103. The annual rate of basic compensation of the
7 Secretary of the Army, of the Secretary of the Navy, of
8 the Secretary of the Air Force, of the Director of the
9 Federal Bureau of Investigation, Department of Justice,
10 and of the Director of Central Intelligence shall be \$22,000.

11 SEC. 104. Section 105 of title 3 of the United States
12 Code is amended to read as follows:

13 “COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMIN-
14 ISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

15 “§ 105. The President is authorized to fix the compensa-
16 tion of the six administrative assistants authorized to be
17 appointed under section 106 of this title, of the Executive
18 Secretary of the National Security Council, and of five
19 other secretaries or other immediate staff assistants in the
20 White House Office, as follows: Two at rates not exceeding
21 \$22,500 per annum, three at rates not exceeding \$21,000
22 per annum, and seven at rates not exceeding \$19,000 per
23 annum.”

24 SEC. 105. The annual rate of basic compensation for each

1 of the offices or positions listed in this section shall be
2 \$21,000, as follows:

3 (1) Each Under Secretary of an executive department
4 (other than the Department of State) ;

5 (2) The Deputy Postmaster General;

6 (3) The Administrator of Veterans' Affairs;

7 (4) The Administrator of General Services;

8 (5) The Administrator of the Housing and Home
9 Finance Agency;

10 (6) The Director of the International Cooperation
11 Administration;

12 (7) The Deputy Director of the Office of Defense
13 Mobilization;

14 (8) The Administrator of the Federal Civil Defense
15 Administration;

16 (9) The Chairman of the Renegotiation Board;

17 (10) The Director of the United States Information
18 Agency;

19 (11) The President of the Export-Import Bank of
20 Washington;

21 (12) The Governor of the Farm Credit Administration;

22 (13) The Chairman of the Council of Economic Ad-
23 visors;

24 (14) The Associate Director of the Federal Bureau of
25 Investigation, Department of Justice.

1 SEC. 106. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$20,000, as follows:

4 (1) The Assistant Comptroller General of the United
5 States;

6 (2) The Deputy Director of the Bureau of the Budget;

7 (3) The Under Secretary of the Army;

8 (4) The Under Secretary of the Navy;

9 (5) The Under Secretary of the Air Force;

10 (6) The Deputy Administrator of Veterans' Affairs;

11 (7) The Director of the Federal Mediation and Con-
12 ciliation Service;

13 (8) The Chairman of the United States Civil Service
14 Commission;

15 (9) Each member (other than the Chairman) of the
16 Council of Economic Advisors;

17 (10) Each member of the Board of Governors of the
18 Federal Reserve System;

19 (11) Each member of the Board of Directors of the
20 Federal Deposit Insurance Corporation;

21 (12) The Comptroller of the Currency;

22 (13) Each Deputy Under Secretary of the Department
23 of State;

24 (14) The First Vice President of the Export-Import
25 Bank of Washington;

1 (15) The Chairman of the Federal Maritime Board, De-
2 partment of Commerce;

3 (16) The Deputy Director of the United States In-
4 formation Agency;

5 (17) The Deputy Administrator of the Federal Civil
6 Defense Administration;

7 (18) The Deputy Director of the International Coopera-
8 tion Administration;

9 (19) The Deputy Director of Central Intelligence.

10 SEC. 107. (a) The annual rate of basic compensation
11 for each of the offices or positions listed in this section shall
12 be \$19,000, as follows:

13 (1) The Assistant to the Director of the Federal Bureau
14 of Investigation, Department of Justice;

15 (2) Each Assistant Secretary of an executive depart-
16 ment;

17 (3) Each Assistant Postmaster General;

18 (4) The Fiscal Assistant Secretary of the Treasury;

19 (5) The Director of the National Advisory Committee
20 for Aeronautics;

21 (6) Each member of the Civil Aeronautics Board;

22 (7) Each member of the Federal Communications
23 Commission;

24 (8) Each member of the Federal Power Commission;

25 (9) Each member of the Federal Trade Commission;

- 1 (10) Each member of the Interstate Commerce Com-
2 mission;
- 3 (11) Each member of the National Labor Relations
4 Board;
- 5 (12) Each member of the National Mediation Board;
- 6 (13) Each member of the Railroad Retirement Board;
- 7 (14) Each member of the Securities and Exchange
8 Commission;
- 9 (15) Each member of the Board of Directors of the
10 Tennessee Valley Authority;
- 11 (16) Each member (other than the Chairman) of the
12 United States Civil Service Commission;
- 13 (17) Each member of the United States Tariff Com-
14 mission;
- 15 (18) The General Counsel of the National Labor Re-
16 lations Board;
- 17 (19) The Deputy Administrator of General Services;
- 18 (20) The Archivist of the United States;
- 19 (21) The Commissioner of Internal Revenue;
- 20 (22) The Commissioner of Immigration and Natural-
21 ization;
- 22 (23) The Commissioner of Public Roads;
- 23 (24) The Administrator of Civil Aeronautics;
- 24 (25) The Administrator of the Rural Electrification
25 Administration;

- 1 (26) The Counselor of the Department of State;
- 2 (27) The Governor of Alaska;
- 3 (28) The Governor of Hawaii;
- 4 (29) The Governor of the Virgin Islands;
- 5 (30) The Governor of the Canal Zone;
- 6 (31) The Public Printer;
- 7 (32) The Librarian of Congress;
- 8 (33) The Architect of the Capitol;
- 9 (34) The President of the Federal National Mortgage
10 Association, Housing and Home Finance Agency;
- 11 (35) The Deputy Administrator of the Housing and
12 Home Finance Agency;
- 13 (36) Each member of the Home Loan Bank Board,
14 Housing and Home Finance Agency;
- 15 (37) The Public Housing Commissioner, Housing and
16 Home Finance Agency;
- 17 (38) The Federal Housing Commissioner, Housing and
18 Home Finance Agency;
- 19 (39) Each Assistant Secretary of the Army;
- 20 (40) Each Assistant Secretary of the Navy;
- 21 (41) Each Assistant Secretary of the Air Force;
- 22 (42) The Special Assistant to the Secretary (Health
23 and Medical Affairs), Department of Health, Education,
24 and Welfare;

1 (43) The Chairman of the Military Liaison Committee
2 to the Atomic Energy Commission, Department of Defense;

3 (44) The Administrator, Bureau of Security and Con-
4 sular Affairs, Department of State;

5 (45) Each member of the Board of Directors of the
6 Export-Import Bank of Washington;

7 (46) Each member of the Foreign Claims Settlement
8 Commission of the United States;

9 (47) Each member (other than the Chairman) of the
10 Federal Maritime Board, Department of Commerce;

11 (48) Each Assistant Director of the Bureau of the
12 Budget;

13 (49) Each member (other than the Chairman) of the
14 Renegotiation Board;

15 (50) The Administrator, Wage and Hour and Public
16 Contracts Divisions, Department of Labor;

17 (51) The Director of the National Science Foundation;

18 (52) Each member of the Subversive Activities Con-
19 trol Board;

20 (53) The Solicitor, General Counsel, Legal Adviser,
21 or other chief legal officer of each executive department
22 (excluding the Department of Justice) ;

23 (54) The ten assistant directors, International Coop-
24 eration Administration, designated under section 1 (d) of

1 Reorganization Plan No. 7 of 1953 and section 527 (b)
2 of the Mutual Security Act of 1954, respectively;

3 (55) The Administrator of the Saint Lawrence Sea-
4 way Development Corporation;

5 (56) The Administrator of the Small Business Ad-
6 ministration.

7 (b) The first sentence of section 603 of title 28 of
8 the United States Code (relating to the annual compensa-
9 tion of the Director of the Administrative Office of the United
10 States Courts) is amended to read as follows: "The Director
11 shall receive a salary of \$19,000 a year."

12 SEC. 108. The annual rate of basic compensation for
13 each of the offices or positions listed in this section shall be
14 \$17,500, as follows:

15 (1) The Associate Director of the Federal Mediation
16 and Conciliation Service;

17 (2) The Director of Selective Service;

18 (3) Each Commissioner of the Indian Claims Commis-
19 sion;

20 (4) Each Commissioner of the United States Court
21 of Claims;

22 (5) The Assistant Architect of the Capitol;

23 (6) The Chief Assistant Librarian of Congress;

24 (7) The Deputy Public Printer.

1 SEC. 109. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$17,000, as follows:

4 (1) The Treasurer of the United States;

5 (2) The Commissioner, Federal Supply Service, Gen-
6 eral Services Administration;

7 (3) The Director of the Bureau of Prisons, Department
8 of Justice;

9 (4) The Commissioner, Public Buildings Service, Gen-
10 eral Services Administration;

11 (5) The Commissioner of Social Security, Department
12 of Health, Education, and Welfare;

13 (6) The Commissioner of Reclamation, Department
14 of the Interior;

15 (7) The Commissioner of Customs, Department of the
16 Treasury;

17 (8) The Commissioner of Narcotics, Department of the
18 Treasury;

19 (9) The Administrator, Bonneville Power Adminis-
20 tration;

21 (10) The Deputy Administrator of the Saint Lawrence
22 Seaway Development Corporation;

23 (11) The Director, Division of Slum Clearance and
24 Urban Redevelopment, Housing and Home Finance Agency;

1 (12) The Director of Housing Research, Housing and
2 Home Finance Agency;

3 (13) Each Deputy Administrator, Small Business Ad-
4 ministration.

5 SEC. 110. Except as otherwise specifically provided in
6 this title, the chairman or other head of each independent
7 board or commission in the executive branch shall receive,
8 during the period of his service as chairman or other head
9 of such board or commission, annual basic compensation at
10 a rate which is \$500 more than the annual rate of basic
11 compensation prescribed by this title for the other members
12 of such board or commission.

13 TITLE II—INCREASES IN MAXIMUM LIMITA-
14 TIONS ON BASIC COMPENSATION UNDER
15 CLASSIFICATION ACT OF 1949 AND OTHER
16 LAWS

17 SEC. 201. (a) The compensation schedule for the Gen-
18 eral Schedule contained in section 603 (b) of the Classifica-
19 tion Act of 1949, as amended, is amended by striking out:

"GS-17----- 13,975 14,190 14,405 14,620
GS-18----- 14,800"

20 and inserting in lieu thereof:

"GS-17----- 13,975 14,190 14,405 14,620 14,835
GS-18----- 16,000".

21 (b) The rates of basic compensation of officers and em-

1 ployees to whom this section applies shall be initially ad-
2 justed as follows:

3 (1) If the officer or employee is receiving basic com-
4 pensation immediately prior to the effective date of this
5 Act at a scheduled rate of grade 17 or 18 of the General
6 Schedule, he shall receive a rate of basic compensation at
7 the corresponding scheduled rate in effect on and after such
8 date;

9 (2) If the officer or employee, immediately prior to the
10 effective date of this Act, is in a position in grade 17 of the
11 General Schedule and is receiving basic compensation at a
12 rate between two scheduled rates of such grade, he shall
13 receive a rate of basic compensation at the higher of the
14 two corresponding rates in effect on and after such date;

15 (3) If the officer or employee, immediately prior to
16 the effective date of this Act, is in a position in grade 17
17 of the General Schedule and is receiving basic compensation
18 at a rate which is in excess of the maximum scheduled rate
19 of his grade as provided in this section, he shall continue to
20 receive such higher rate of basic compensation until (A) he
21 leaves such position, or (B) he is entitled to receive basic
22 compensation at a higher rate by reason of the operation
23 of the Classification Act of 1949, as amended; but when
24 such position becomes vacant, the rate of basic compensation

1 of any subsequent appointee thereto shall be fixed in accord-
 2 ance with such Act, as amended.

3 SEC. 202. The Postal Field Service Schedule in section
 4 301 (a) of the Postal Field Service Compensation Act of
 5 1955 (Public Law 68, Eighty-fourth Congress) is amended
 6 by striking out:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

7 and inserting in lieu thereof:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200		
20-----	16, 000".						

8 SEC. 203. Section 3 of the Act of January 3, 1946,
 9 as amended (38 U. S. C., sec. 15b), is hereby amended as
 10 follows:

11 (1) The first paragraph of such section 3 as amended
 12 by paragraph (1) of the first section of the Act of October
 13 12, 1949 (63 Stat. 764), and the second and third para-
 14 graphs of subsection (b) of such section 3 as amended by
 15 paragraphs (3) and (4) of the first section of such Act
 16 of October 12, 1949, are hereby redesignated as subsections
 17 "(a)", "(c)", and "(d)", respectively, of section 3 of the
 18 Act of January 3, 1946;

19 (2) The last sentence of section 3 (b) is amended to
 20 read: "During the period of his service as such, the Chief
 21 Medical Director shall be paid a salary of \$17,800 a year.";

1 (3) The last sentence of section 3 (c), as redesign-
2 nated by paragraph (1) of this section, is amended to read:
3 “During the period of his service as such, the Deputy Chief
4 Medical Director shall be paid a salary of \$16,800 a year.”;
5 and

6 (4) That portion of the first sentence of section 3 (d),
7 as redesignated by paragraph (1) of this section, which
8 precedes the proviso in such sentence is amended to read:
9 “Each Assistant Chief Medical Director shall be appointed
10 by the Administrator upon the recommendation of the Chief
11 Medical Director and shall be paid a salary of \$15,800 a
12 year.”.

13 SEC. 204. (a) Subsection (c) of the first section of the
14 Act of August 1, 1947, as amended (5 U. S. C., secs. 171p,
15 230, 476, and 626t; 50 U. S. C., sec. 158), relating to
16 limitations on rates of basic compensation for research and
17 development positions requiring the services of specially
18 qualified scientific or professional personnel in the Depart-
19 ment of Defense and in the National Advisory Committee for
20 Aeronautics, is amended (1) by striking out “\$10,000” and
21 inserting in lieu thereof “\$12,500” and (2) by striking out
22 “\$15,000” and inserting in lieu thereof “\$17,500”.

23 (b) Section 208 (g) of the Public Health Service Act,
24 as amended (42 U. S. C., sec. 210 (g)), relating to limita-
25 tions on rates of basic compensation for research and develop-

1 ment positions requiring the services of specially qualified
2 scientific or professional personnel in the Public Health Serv-
3 ice, is amended (1) by striking out “\$10,000” and inserting
4 in lieu thereof “\$12,500” and (2) by striking out “\$15,000”
5 and inserting in lieu thereof “\$17,500”.

6 (c) Section 12 of the Act of May 29, 1884, as amended
7 (62 Stat. 198; 21 U. S. C., sec. 113a), relating to the
8 maximum limitation on basic compensation for positions of
9 technical experts or scientists for research and study of foot-
10 and-mouth disease and other animal diseases, is amended by
11 striking out “\$15,000” and inserting in lieu thereof
12 “\$17,500”.

13 (d) The amendments contained in subsections (a) and
14 (b) of this section shall not affect the authority of the
15 United States Civil Service Commission or the procedure for
16 fixing the pay of individual officers or employees under the
17 provisions of law amended by such subsections (a) and (b) ;
18 except that the rate of basic compensation in effect immedi-
19 ately prior to the effective date of this Act of any officer or
20 employee to whom the provisions of law amended by this
21 section apply, which is less than a basic rate of \$12,500 per
22 annum, shall be increased to such rate on such effective date.

23 TITLE III—GENERAL PROVISIONS

24 SEC. 301. The following provisions of law are hereby
25 repealed:

1 (1) The Act entitled "An Act to increase rates of
2 compensation of the heads and assistant heads of executive
3 departments and independent agencies", approved October
4 15, 1949 (Public Law 359, Eighty-first Congress; 63 Stat.
5 880), except section 2 (b), section 6 (b), section 6 (c),
6 section 6 (d), and section 9 thereof;

7 (2) That part of the paragraph under the heading
8 "Federal Bureau of Investigation" and under the subhead-
9 ing "Salaries and Expenses" contained in title II (the
10 Department of Justice Appropriation Act, 1956) of the
11 Departments of State and Justice, the Judiciary, and re-
12 lated agencies Appropriation Act, 1956 (Public Law 133,
13 Eighty-fourth Congress), which reads ": *Provided*, That
14 the compensation of the Director of the Bureau shall be
15 \$20,000 per annum so long as the position is held by the
16 present incumbent"; and

17 (3) That part of the first paragraph under the head-
18 ing "National Advisory Committee for Aeronautics" con-
19 tained in title I of the Independent Offices Appropriation
20 Act, 1956 (Public Law 112, Eighty-fourth Congress),
21 which reads "one Director at not to exceed \$17,500 per
22 annum so long as the position is held by the present
23 incumbent;".

24 SEC. 302. Nothing contained in this Act shall be held
25 or considered to affect the last proviso in the paragraph un-

1 der the heading "Federal Prison System" and under the
2 subheading "Salaries and Expenses, Bureau of Prisons" con-
3 tained in title II (the Department of Justice Appropriation
4 Act, 1956) of the Departments of State and Justice, the
5 Judiciary, and related agencies Appropriation Act, 1956
6 (Public Law 133, Eighty-fourth Congress), which reads
7 "*Provided further*, That hereafter the compensation of the
8 Director of the Bureau shall be \$17,500 per annum so long
9 as the position is held by the present incumbent".

10 SEC. 303. The rate of basic compensation of any officer
11 or employee of the Federal Government which is in effect
12 immediately prior to the effective date of this Act shall
13 not be reduced by reason of the enactment of this Act.

14 SEC. 304. This Act shall take effect at the beginning
15 of the first pay period following the date of enactment of
16 this Act.

Passed the House of Representatives July 30, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 84th CONGRESS, FIRST SESSION

Vol. 101

WASHINGTON, WEDNESDAY, AUGUST 3, 1955

No. 133

Senate

NOTICE

The last issue of the daily Congressional Record for the first session of the Eighty-fourth Congress will be published not later than Thursday, August 25, 1955. It is requested that copy and proofs of speeches withheld for revision, or extensions of remarks as authorized by either House, be submitted to the Government Printing Office or to the Congressional Record Clerk, Statuary Hall, Capitol, before that date.

By order of the Joint Committee on Printing.

CARL HAYDEN, Chairman.

[Continuation of the proceedings of the Senate of Tuesday, August 2, 1955]

CONTRIBUTIONS TO THE DEMOCRATIC PARTY NO LONGER TAX EXEMPT

Mr. MORSE obtained the floor.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MORSE. Only for a question.

Mr. WILLIAMS. I ask unanimous consent that I be permitted to proceed for 5 minutes, without the Senator from Oregon losing his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article written by Clark Mollenhoff, as it appeared in today's Des Moines Register, which article is entitled "Contributions to the Democratic Party No Longer Tax Exempt."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONTRIBUTIONS TO DEMOCRATIC PARTY NO LONGER TAX EXEMPT

WASHINGTON, D. C.—Welburn S. Mayock, former attorney for the Democratic National Committee, was in a \$69,000 tax jam with the Republican administration Monday.

The 63-year-old Washington lawyer is charged with having failed to report more than \$115,000 income over a period of 6 years.

Among other things, the dispute involves Mayock's handling of a \$65,000 cash fee he received in 1948 to get the cooperation of John W. Snyder, former Secretary of the Treasury, on "a questionable tax ruling" for a New York firm.

Mayock has testified that he regarded \$35,000 of the money he collected from the William S. Lasdon tax case as a legal fee for his work before the Treasury Department. He said that it was understood with Lasdon that \$30,000 of the money was to be regarded as a contribution to the near empty Democratic campaign fund in September 1948.

The tax dispute became public Monday after Mayock filed 3 petitions in the United States Tax Court disputing the Internal Revenue Service claim that he owes \$69,996.10 in Federal taxes and fraud penalties for the years 1948 through 1953.

In May, Commissioner of Internal Revenue T. Coleman Andrews notified Mayock that the additional tax and penalties would be assessed if he did not file a contest in the United States Tax Court.

Mayock stated in his petition that his tax returns were "not false, were not fraudulent and were not made * * * with the intent to evade tax."

Tax officials contend that Mayock and his wife paid \$10,000 in taxes in the 6-year period involved in the dispute. Tax officials contend that if he had reported all of his income their correct tax would have been more than \$50,000 in this period.

The greatest single item in the dispute covered the year 1948. Tax officials have increased Mayock's business income by \$58,944.19 for that year.

Since Mayock, and his wife, Barbara, then residents of California filed separate tax re-

turns that year the tax officials added \$29,472.10 to the income of Mayock and his wife.

Mayock has been under fire since early in 1953 when the House Ways and Means Subcommittee made an investigation of how the Bureau of Internal Revenue had abandoned precedent to make a tax ruling that would save Lasdon several million dollars.

Other attorneys were unsuccessful in getting the Internal Revenue Service to give Lasdon a favorable ruling, but when Mayock called on Secretary Snyder it set the wheels in motion for the ruling.

Senator JOHN J. WILLIAMS, Republican, of Delaware, has been extremely critical of the role that Mayock played in that case and has urged that the Internal Revenue Service tax Mayock on the entire \$30,000.

"Mayock without any power of attorney to represent this taxpayer, but solely in his capacity as chief counsel for the Democratic National Committee, * * * contacted John Snyder, the Secretary of Treasury, and promptly obtained the favorable ruling of Mr. Lasdon's tax question," WILLIAMS told the Senate earlier this year.

"In return for obtaining this favorable ruling which would save nearly \$7 million for Mr. Lasdon, Mr. Mayock was to receive a \$65,000 cash fee with the understanding that \$30,000 of this amount was to go to the Democratic National Committee," WILLIAMS said.

WILLIAMS said that Mayock then took the \$30,000 "hot money" and put it in the Democratic campaign by arranging for his friends to write their personal checks payable to the Democratic National Committee in exchange for an equivalent amount of cash.

The Delaware Senator had attacked the "callousness of the political regime" of the Truman administration, in then allowing Mayock "to get away with reporting on his 1948 Federal income tax return only \$17,500 of this \$65,000 fee."

"Before computing his taxes he was permitted to deduct from the fee the \$30,000 set aside for the Democratic National Committee," WILLIAMS said.

Lasdon also deducted from the gross fee another \$17,500 which he said he gave to New York men, William Solom and Louis Markus, who had contacted him on the case. Both of these men denied that they had been paid any money.

The petitions filed in the United States Tax Court show that the Republican controlled Internal Revenue Service is now following WILLIAMS' suggestion, and is ruling that the entire \$65,000 is taxable to Mayock.

Here is a breakdown on income reported by Mayock and his wife and the figures that tax officials say they should have reported.

	Mayocks reported—	Tax officials' figures on corrected income
1948.....	\$17,777.38	\$77,136.66
1949.....	8,865.50	14,874.28
1950.....	11,411.11	25,489.55
1951.....	6,474.06	23,797.36
1952.....	7,190.92	19,037.67
1953.....	4,886.15	8,706.36

Mr. WILLIAMS. Mr. President, on February 8, 1955, I called attention to how Mr. Welburn Mayock, former attorney for the Democratic National Committee, had, during the 1948 campaign, accepted \$65,000 as a fee from a New York businessman, with the understanding that he could get a favorable ruling from the Treasury Department.

The record showed that at that time he took \$35,000 of that fee paid into the Democratic National Committee, and did not pay any tax on it, on the basis that such a fee to the Democratic Party was not taxable. Therefore, for the first time in history, we had a situation where a political campaign was being financed indirectly out of the Treasury of the United States.

That ruling was obviously granted at that time by top officials in the Treasury Department on the basis that it was a party matter, in the same way in which other rulings were made involving Mr. Reynolds and Mr. Field, to which attention has been called.

The whole country was shocked at the low state of morals which existed at that time in the departments which would stoop to issue rulings on a favorable basis, that could be purchased by contributions to the Democratic Party.

Mr. President, I ask unanimous consent to have the statement on this subject which I made in the Senate Chamber on February 8 of this year, printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. WILLIAMS. Mr. President, on August 4, 1953, Mr. Welburn Mayock, an attorney in Washington, D. C., was testifying before the Kean subcommittee. At that time the Kean committee was investigating the scandal-ridden Bureau of Internal Revenue.

In his testimony of that date Mr. Mayock explained how in 1948, while serving as the chief counsel of the Democratic National Committee, he had entered into an agreement with Mr. William S. Lasdon, Katonah, New York, whereby he was to obtain for Mr. Lasdon a favorable ruling from the Treasury Department on his then pending tax case.

In return for obtaining this favorable ruling which would save nearly \$7 million for

Mr. Lasdon, Mr. Mayock was to receive a \$65,000 cash fee with the understanding that \$30,000 of this amount was to go to the Democratic National Committee.

Mr. Mayock without any power of attorney to represent this taxpayer but solely in his capacity as chief counsel of the Democratic National Committee then contacted Mr. John W. Snyder, the Secretary of Treasury, and promptly obtained the favorable ruling on Mr. Lasdon's tax question.

Mr. Lasdon previously had been denied a favorable decision upon this same question by the Treasury Department.

After this tax-fix scheme had been arranged and after Mr. Mayock had collected his \$65,000 fee, he was confronted with the

problem of how to get the \$30,000 into the Democratic campaign fund without obviously violating the Hatch Act. (The Hatch Act prohibits contributions to a political campaign in excess of \$5,000 by any one individual.)

However, once having agreed to fix a tax case for \$65,000 the question of violating the Hatch Act apparently was not bothersome to Mr. Mayock and his associates.

Accordingly, as Mr. Mayock explained it, he merely arranged to have some of his friends write their personal checks payable to the Democratic National Committee in exchange for an equivalent amount of cash. In this manner he siphoned this \$30,000 of "hot money" into the treasury of the Democratic National Committee.

While freely admitting all of the above transactions during his testimony before the Kean subcommittee under date of August 4, 1953, Mr. Mayock flatly refused to tell that committee the names of the individuals who cooperated in this underhanded method of financing a political campaign. Each time the committee pressed him for the names of these individuals Mr. Mayock replied, "That I am going to refuse to answer."

Since Mr. Mayock was reluctant to publish the names of the individuals who exchanged their personal checks payable to the National Committee for an equivalent amount of this "tax-fix fee," I shall read that list to the Senate along with a breakdown of the amount handled by each individual plus the dates of the transactions.

Date	Name and address	Amount
Oct. 13, 1948	Democratic County Central Committee, William H. Malone, Chairman, 955 Mills Tower, San Francisco	\$10,000
Oct. 14, 1948	Harold A. Berliner, 10 Crown Ter., San Francisco	5,000
Do.....	William J. Mahaney, 2412 Russ Bldg., San Francisco	5,000
Oct. 18, 1948	Roy G. Owens, 1244 South Hill St., Los Angeles	2,500
Do.....	Willis Allen, 634 North Cherokee Ave., Los Angeles	2,500
Do.....	William B. Peeler, 7133 Sunset Blvd., Hollywood	2,500
Do.....	Lawrence W. Allen, 2104 North Highland Ave., Hollywood	2,500
	Total.....	\$30,000

This was not the only time that the Treasury Department, under the New Deal administration resorted to the issuance of questionable rulings for the purpose of financing the 1948 political campaign.

On April 29, 1952, I incorporated in the CONGRESSIONAL RECORD copies of a series of political rulings which had been issued by the Treasury Department while Mr. John W. Snyder was Secretary of the Treasury, wherein Mr. Richard J. Reynolds, Winston-Salem, N. C., Mr. Marshall Field, and Mr. David A. Schulte, both of New York City, were permitted to charge off as bad business debts their approximately \$400,000 contributions to the 1948 Democratic campaign.

Since incorporating those rulings in the CONGRESSIONAL RECORD I have discovered that this same Mr. Welburn Mayock was one of prime factors behind those rulings.

On December 17, 1948, Mr. Mayock, without any power of attorney to represent Mr. Reynolds or the others involved but solely in his official capacity as chief counsel of the Democratic National Committee, held a conference with Mr. Edward H. Foley, Under Secretary of the Treasury, and Mr. Thomas J. Lynch, General Counsel of the Treasury Department. At that meeting they discussed the Richard W. Reynolds case, which involved a \$300,000 contribution to the Democratic Party, as a party case and arranged for the issuance of a favorable ruling allowing

him to write off this contribution as a bad business loan.

As further evidence of the callousness of the political regime then in power we find that the Treasury Department even permitted Mr. Mayock to get away with reporting on his 1948 Federal income-tax returns only \$17,500 of this \$65,000 fee collected from Mr. Lasdon. Before computing his taxes he was permitted to deduct from the fee the \$30,000 which he set aside for the Democratic National Committee. He deducted from the gross fee another \$17,500 solely upon his claim that he paid \$8,750 each to Mr. William Solomon, 275 Central Park West, New York City, and Mr. Louis Markus, 9445 86th Road, Woodhaven, Long Island, as their share of the tax-fix payoff.

This latter deduction was allowed notwithstanding the fact that when both Mr. Markus and Mr. Solomon testified under oath (August 5, 1953) before the Kean subcommittee, they emphatically denied that they had received any of this fee, and accordingly they had paid no taxes on their alleged share.

But the mere fact that no one was paying any tax on this \$17,500 in controversy did not in the least bother the Treasury Department. They merely placed it in the same category as the \$30,000 contribution to the Democratic National Committee and allowed everybody to write it off their tax returns.

This procedure of issuing favorable Treasury rulings in exchange for contributions to a political party was extremely costly to the American taxpayers from two angles:

First, the granting of these favorable rulings which apparently would not otherwise have been extended resulted in a substantial loss in revenue.

Second, the issuance of these rulings had the indirect effect of financing a part of the 1948 Democratic campaign out of the Federal Treasury.

The disclosure of these transactions was a shock to the American people and the overwhelming majority of the members of the Democratic Party were just as indignant as were the members of the Republican Party to find that certain high officials in that administration had stooped to such low tactics for the purpose of financing a political campaign.

Even after publishing the additional list of names of those involved in this deal there are still many questions left unanswered in this case, and I suggest that both the Department of Justice and the Treasury Department reexamine the conflicting testimony given before the Kean subcommittee in August 1953.

For instance, the conflict of testimony wherein Mr. Mayock under oath told the committee that he paid \$8,750 each to Mr. William Solomon and Mr. Louis Marcus and their testimony of the following day emphatically denying this statement obviously is the basis of a perjury charge.

The statute of limitations may have expired on violations of the Corrupt Practices Act in 1948, but it has not expired on any possible perjury charges resulting from testimony given before the Kean subcommittee in 1953, nor has it expired upon the ability of the Treasury Department to collect back taxes due on the erroneous deduction of the \$30,000 fee to the Democratic National Committee as well as the controversial \$17,500 referred to above.

Grand juries are now in session at both Omaha and St. Louis, and their work should shed additional light upon the scandal-ridden tax bureau of that era.

THE EXECUTIVE PAY BILL

Mr. MORSE. Mr. President, since I had the floor before and yielded it, I have been educated on the executive pay

bill—and some education it has been. In fact, I owe a great deal to the Senator from Maine [Mrs. SMITH], to the Senator from Georgia [Mr. RUSSELL], and to others of my colleagues in the Senate for informing me as to what has happened in regard to the executive pay bill.

In the rush of the work of the Senate, I was of the understanding that we had a bill here which was ready to be passed, and I assumed that it would follow the regular parliamentary procedures. But I have discovered that it is a bill which the President sent to Congress only a few days ago. It is a bill on which there have been no hearings. It is a bill, I understand, which is pocked with discriminations and unfairness. It is a bill which, if passed in its present form, will result in the setting of pay scales in certain instances that can never be corrected, so far as the injustice done to others is concerned, unless a whole group of people are subsequently raised to higher pay levels.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield for a question.

Mr. FULBRIGHT. Is the Senator discussing the sugar bill or the pay bill?

Mr. MORSE. I am discussing the pay bill.

Mr. FULBRIGHT. It sounds to me like the sugar bill.

Mr. MORSE. It is simply sugar-coated; that is all.

Again, as is always my practice, I shall deal frankly in what I am about to say. A number of colleagues have said to me, "WAYNE, it should not pass." That is up to them; and because we can change it from "It should not pass" into "It shall not pass," if cooperation be extended, and although I have been speaking half jocularly, I now speak in dead earnestness, I think it should not pass. I do not think that in the closing hours of this session we should pass an executive pay bill on which no hearings have been held and about which I have heard so much complaint as I have heard in the last half hour since the Senator from Georgia, and very rightly so, I may say—I take no offense at all; I think he followed a very sound parliamentary procedure—objected to the consideration of the executive pay bill under a unanimous-consent agreement.

Therefore, I think it is more important that I talk about the educational plight of America's children rather than that I should permit the passage of the executive pay bill, on which there have been no hearings, and about which I can find no enthusiasm on this side of the aisle, at least, in regard, particularly, to the procedures which have been adopted.

I did not talk to them, but I understand some representatives of the executive branch of the Government, who might be called Government lobbyists, have been at the Capitol for the last few days, buttonholing and discussing the matter with Senators, urging that the bill be passed in this highly, I think, irregular way.

I do not like it. The only difference is that I think such matters ought to be discussed on the floor of the Senate, and not merely in the cloakroom. If the

bill is as bad as I understand it to be, it should be prevented from passing tonight, and certainly it ought to be prevented from passing if the procedures which have been followed or the procedures which the chairman of the Committee on Post Office and Civil Service, the Senator from South Carolina [Mr. JOHNSTON], has stated, namely, that there have been no hearings, and no witnesses have testified, and no opportunity has been afforded to sit down and iron out the unfair discriminations which are contained in the executive pay bill.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MORSE. I merely wish to say that I do not think that we should pass the bill. If the Senator from Georgia will excuse me for a moment longer, I think we can correct any injustice which our failure to pass the bill tonight may create, come January. Then we can pass the bill after hearings have been held, and we can make the terms of the bill retroactive in order to correct any unfairness which any particular individual may suffer as a result of not passing the bill tonight.

But it is not my fault that the administration did not send the bill to us earlier. It is not the fault of the Senator from Georgia that the administration did not send it here earlier, so that hearings could be held.

I am simply opposed to this kind of parliamentary procedure. I am going to talk about the educational needs of America's schoolchildren, whom we have not been taking care of. I think it is more important that we take care of the educational needs of America's schoolchildren than that the administrative assistants on the White House staff should receive \$22,500 a year salary.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. No, not at this time. I am going to discuss the plight of America's schoolchildren for a while.

Mr. RUSSELL. The Senator from Oregon mentioned my name. I am certain he will be generous and yield to me.

Mr. MORSE. If the Senator will ask unanimous consent that I may yield to him without losing my right to the floor, I shall be glad to yield.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the Senator from Oregon may yield to me without losing his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Georgia may proceed.

Mr. RUSSELL. I merely wish to say that my objection to the bill was not based on a fundamental objection to an increase in salaries in the executive branch of the Government. I well realize that there may be substantial increases in compensation for some of those in administrative posts. I have glanced at the bill. As I say, there have been no hearings.

I notice, for example, the very important position of the Commissioner of Internal Revenue. The occupant of that office is charged with the responsibility of collecting about \$60 billion

which is used to pay the salaries of all the employees of the Government. His position was classified with the lowest of the assistant postmasters general. It seems to me that that was a very unfair provision for a man who is charged with the great responsibility of preventing frauds and of keeping tax collections moving. That is one position I happened to observe.

I do not think it would be right to pass a bill that might enforce inequities of that nature into the statutes of the United States, particularly when there have been no hearings, as the Senator from Oregon has pointed out.

I thank the Senator for allowing me to clarify my position.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I always want to extend courtesy to the Senator from Kansas. If he will protect my right to the floor by asking unanimous consent that I do not lose the floor, I shall be glad to yield to him.

Mr. CARLSON. Mr. President, I ask unanimous consent that the Senator from Oregon may yield to me for a few minutes, without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARLSON. I appreciate the courtesy of the Senator from Oregon.

I sincerely hope that an executive pay bill can be approved at this session of Congress. Congress has voted increases in pay for Members of Congress. We have voted increases in pay for the legislative branch of the Government. We have voted increases totaling \$700 million for the salaried employees of the Government. Congress has voted increases of \$200 million for the postal employees of the Nation, and \$300 million for the classified workers of the Government.

Now we are asked in the closing hours of this session to vote \$1,500,000 for increases in pay for the executive branch of the Government. Frankly, I do not think it is fair to ask the executive branch of the Government to operate on their present basis.

I sincerely hope the distinguished Senator from Oregon will permit us to proceed at this time with the bill. I do not think there would be any difficulty in approving the proposed legislation, because the Senate might take the House bill, adopt it with some amendments, send it back to the House, and I am advised the House would accept it.

The distinguished Senator from Oregon and the distinguished Senator from Georgia are absolutely correct when they say there were no hearings. The bill came to the Senate on July 15. It was not the fault of the chairman of the Committee on Post Office and Civil Service, or of the ranking minority member, or of any other member. Frankly, I wish the bill had come to the Senate before that date, but that is the situation.

The President sent a letter to the Committee on Post Office and Civil Service and asked for the proposed legislation. We have tried to comply with that request, and I sincerely hope the Congress

will not adjourn without passing the bill. I thank the Senator for yielding.

Mr. MORSE. I thank the Senator, and I wish to make a very brief reply to him. The other salary increases to which he has referred were arrived at as a result of studies of a special commission appointed by the Congress to go into the matter. There were long and substantial hearings on that question. The other increases to which the Senator has referred were all the result of congressional hearings. A thorough record was made. That does not happen to be true in this case.

I do not blame the chairman of the Committee on Post Office and Civil Service or the ranking Republican member of the committee for the fact that hearings were not held, because we did not get the bill in time to have hearings, and the Senator is not responsible for the fact that the bill did not come in time. The executive branch of the government, which wants the increases, must assume that responsibility, and it should wait until January so Congress can go into the matter and see to it that it tries to protect the taxpayers' interest.

I do not know of any better public service I can render in the closing hours of the session than to do what I can, and I understand I am going to be assisted by other Senators, to prevent a vote on the measure, until Congress can have time, when it convenes in January, to go into the matter.

I am very sorry for the plight in which the schoolchildren find themselves because of the failure of Congress to enact legislation to assist our educational system. I think it is more important for Congress to provide for adequate educational facilities than to provide for higher salaries for certain Government officials.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I yield only if I am protected from losing my right to the floor.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may make a 2-minute statement with reference to the comments of the Senator from Oregon.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Is there objection? The Chair hears none, and the Senator from Minnesota may proceed.

Mr. HUMPHREY. Mr. President, I think the Senate ought to know that a number of Senators, as the Senator from Oregon has pointed out, have discussed the executive pay bill, not privately, but collectively. It would be sheer folly to assume that an executive pay bill of these dimensions and proportions would pass the Senate tonight, or even tomorrow.

I think it is only fair to say that when an attempt is being made to revise the entire pay schedule of a branch of the Government, it is rather insulting to that branch not to give it the consideration of polite testimony or hearing.

We have had several experiences in which Congress has legislated in a hurry in this manner. Every time that has been done, Congress has found those

matters troublesome and has been involved in difficulty.

I wish to remind the Senate that last year it passed a pay bill for postal workers, after hearings. The bill was vetoed. The Senate passed a postal pay bill this year, after more hearings, and it was vetoed.

I remind my colleagues that the executive branch has had a pay increase. I do not say one is not needed, but one was granted some time ago, in about 1951, I believe it was. Since that time, if it had been thought that there was a great need for pay increases, there have been almost 3 years—some 31 months—in which the practical suggestion of a pay increase could have been made.

Furthermore, I think it should be noted that the executive branch of the Government is spawning like fish in the spawning beds of rivers. There are more and more assistant secretaries, more and more bureau chiefs, more and more everything, with more and more pay. It appears to me that if new titles are to be provided, if salary schedules are to be expanded, if the entire pay schedule is to be expanded, then Congress should have time to study the matter.

I wish to join with the Senator from Oregon, and say that if there is to be an executive pay bill passed, Congress ought to make up its mind to stay in session to see that a legislative job is done properly.

We need roads before we need pay raises. We need schools before we need pay increases in some particular job most of us have not even heard of. We will be needing social security for persons who have not had their pay increased by this Congress, too.

I join with the Senator and say at this hour I always feel better, too. I shall be delighted to join in whatever efforts will be necessary to prevent the passage of this particular measure.

Mr. MORSE. I wish to thank the Senator. Knowing him, I know the volumes he can speak on this subject, and I shall stay with him even after I get through, because I would not know to miss the contributions which I am sure he will make to this record before we get through with the discussion.

I am particularly concerned now about the plight of the American schoolchildren [Laughter in the galleries.]

Mr. HUMPHREY. I join with the Senator in that concern.

Mr. MORSE. I want to make a record with regard to the educational needs of the country, in the hope that between now and January each Member of Congress will resolve to come back to Congress and enact legislation which will help protect one of the greatest sources of America's power, namely, the development of the brains of our children.

I wish to repeat what the Senator from Minnesota heard me say in Minnesota, when he and I appeared on a platform together there not so long ago.

We need always to keep in mind that great statement of Thomas Jefferson, namely, that the strength of our democracy can be no greater than the enlightenment of its people, and the enlighten-

ment of its people depends more on adequate support of the school system of America than on any other one factor.

I think it is time that the Congress and the executive branch of the Government devoted themselves to legislation which will strengthen financial support for the schoolchildren of America. I am going to proceed to discuss that situation.

COMPENSATION OF SUPERINTENDENTS OF SENATE PRESS, RADIO, AND PERIODICAL GALLERIES

Mr. MORSE. Mr. President—

Mr. CLEMENTS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield for a question.

Mr. CLEMENTS. Will the Senator from Oregon yield, to permit the introduction of a joint resolution, if unanimous consent is obtained that he will retain all his rights to the floor?

Mr. MORSE. Yes; if nothing in the joint resolution would result in taking me off the floor.

Mr. CLEMENTS. I assure my friend that the joint resolution does not contain anything of that sort.

Mr. MORSE. Very well; I shall yield for that purpose, if I am amply protected.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senator from Oregon may yield to me with that understanding and for that purpose.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CLEMENTS. Mr. President, on behalf of myself and the Senator from California [Mr. KNOWLAND], I introduce a joint resolution providing for compensation for the superintendents of the Senate press, radio, and periodical galleries; and I request the immediate consideration of the joint resolution.

The PRESIDING OFFICER laid before the Senate the joint resolution (S. J. Res. 104), which was read the first time by its title and the second time at length, as follows:

Resolved, etc., Notwithstanding any other provision of law (including the Legislative Appropriation Act, 1956) effective August 1, 1955, the basic annual compensation of the following positions under the Sergeant at Arms and Doorkeeper of the Senate shall be: Superintendent, press gallery, \$4,300; first assistant superintendent, press gallery, \$4,700; second assistant superintendent, press gallery, \$3,800; third assistant superintendent, press gallery, \$3,300; fourth assistant superintendent, press gallery, \$2,580; secretary, press gallery, \$2,100; superintendent, radio press gallery, \$5,200; first assistant superintendent, radio press gallery, \$4,000; second assistant superintendent, radio press gallery, \$3,500; third assistant superintendent, radio press gallery, \$3,000; and superintendent, periodical press gallery, \$4,300.

Mr. CLEMENTS. Mr. President, the joint resolution would affect—

Mr. MORSE. Mr. President, just a minute, please. Now that the joint resolution has been introduced and read, I wish to make certain that any ensuing debate or proceedings will be under the terms of the agreement protecting my rights to the floor.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued January 6, 1956

For actions of January 5, 1956

84th-2nd, No. 2

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Both Houses received state-of-union message. Rep. Abernethy criticized Administration's farm program. Rep. Andersen supported principles of soil bank proposals. Senate returned executive pay bill to committee for further study. Joint Committee on Economic Report submitted various reports. Several Senators recommended disaster insurance. Sen. Capehart introduced and discussed bill to create International Food Community Board, and spoke in favor of his 8-point farm program. Sen. Humphrey criticized Administration's farm program. Sen. Anderson inserted his speech discussing price-support problems. Rep. St. George inserted Secretary's Chicago speech. Rep. Edmondson urged immediate consideration of farm problem. Rep. Anfuso discussed FAO conference and commended Asst. Secretary Butz. Reps. Metcalf and Hill urged increased appropriations for forest recreation facilities

HOUSE

1. PRESIDENT'S MESSAGE. Both Houses received the President's message on the state of the union (see end of this Digest for excerpts). pp. 136, 58
2. FLOOD INSURANCE. Rep. Wolcott spoke in favor of his bill to create an experimental 5-year program of indemnity and reinsurance against flood losses. p. 143
Rep. Philbin spoke in favor of bills introduced to authorize the construction of flood control projects and provide domestic relief for losses due to flood damages. p. 143
3. FOREIGN TRADE. Rep. Lanham urged the adoption of flexible import quotas, allegedly to reassert Congressional influence in trade procedures and protect American industry and agriculture. p. 147
4. FARM PROGRAM. Rep. Abernethy criticized the Administration's farm program as being based on political expediency. p. 148

Rep. Andersen endorsed the principles of the soil bank proposals as being a means to maintain an equilibrium in agricultural production. p. 151

5. TRANSPORTATION. Rep. Bonner discussed the effect of the 50-50 maritime transport legislation on the disposal of agricultural surpluses. He announced that he intends to hold hearings to fully determine the effect of this legislation on agricultural surplus disposal. p. 148
6. DISASTER LOANS. The Banking and Currency Committee ordered reported with amendment H.R. 7871, to increase the authorization for disaster loans from \$50 million to \$75 million. p. D4
7. SURPLUS PROPERTY. Received from the Agriculture Department a report on the disposal of foreign excess property; to the Government Operations Committee. p. 168
8. ANTI-TRUST. Rep. Patman reviewed the number of FTC anti-trust complaints processed during the previous two years. p. 157
9. APPROPRIATIONS. Received a letter from the Budget Bureau reporting that the administrative-expense authorization of CCC and the appropriation for salaries and expenses of FS, fiscal year 1956, have been apportioned on a basis which indicates a necessity for supplemental appropriation estimates. These items were erroneously reported in Digest No. 1 as having been the submission of supplemental estimates.
10. ADJOURNED until Mon., Jan. 9. pp. 147, 168

SENATE

11. DISASTER INSURANCE. Several Senators spoke in favor of legislation to authorize various types of insurance in connection with floods and other disasters. pp. 90, 94
Received a Conn. Legislature resolution favoring disaster insurance. p. 66
12. ECONOMIC REPORT. Sen. Douglas discussed the work of the Joint Committee on the Economic Report, inserted a list of subcommittee hearings and publications, and submitted committee reports as follows: Impact of automation and of technological change on the economy (S. Rept. 1308), economic statistics (S. Rept. 1309), tax policy (S. Rept. 1310), low-income families (S. Rept. 1311), and foreign economic policy (S. Rept. 1312). p. 69
13. EXECUTIVE PAY. S. 2628 and H. R. 7619, the executive pay bills, were returned to the Post Office and Civil Service Committee for further study at the request of Chairman Johnston, who said hearings on the bills would be held promptly. p. 79
14. TOBACCO. Received from this Department a proposed bill to provide for disposition of surplus tobacco on the basis of harvested acreage rather than on the basis of marketing; to Agriculture and Forestry Committee. p. 58
15. ANIMAL QUARANTINE. Received from this Department a proposed bill to relieve ARS of the requirement for publication of notices of contagion and quarantine in newspapers and in writing to transportation companies; to Agriculture Committee. p. 58

84TH CONGRESS
2D SESSION

H. R. 7619

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar

JANUARY 5, 1956

Referred to the Committee on Post Office and Civil Service

AN ACT

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Executives Pay
4 Act of 1955".

5 TITLE I—BASIC COMPENSATION FOR HEADS OF
6 EXECUTIVE DEPARTMENTS AND OTHER FED-
7 ERAL OFFICIALS

8 SEC. 101. The annual rate of basic compensation of the
9 head of each executive department and of the Secretary of
10 Defense shall be \$25,000.

1 SEC. 102. The annual rate of basic compensation of
2 the Deputy Secretary of Defense, of the Under Secretary
3 of State, of the Director, Office of Defense Mobilization,
4 of the Comptroller General of the United States, and of the
5 Director of the Bureau of the Budget shall be \$22,500.

6 SEC. 103. The annual rate of basic compensation of the
7 Secretary of the Army, of the Secretary of the Navy, of
8 the Secretary of the Air Force, of the Director of the
9 Federal Bureau of Investigation, Department of Justice,
10 and of the Director of Central Intelligence shall be \$22,000.

11 SEC. 104. Section 105 of title 3 of the United States
12 Code is amended to read as follows:

13 “COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMIN-
14 ISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

15 “§ 105. The President is authorized to fix the compensa-
16 tion of the six administrative assistants authorized to be
17 appointed under section 106 of this title, of the Executive
18 Secretary of the National Security Council, and of five
19 other secretaries or other immediate staff assistants in the
20 White House Office, as follows: Two at rates not exceeding
21 \$22,500 per annum, three at rates not exceeding \$21,000
22 per annum, and seven at rates not exceeding \$19,000 per
23 annum.”

24 SEC. 105. The annual rate of basic compensation for each

1 of the offices or positions listed in this section shall be
2 \$21,000, as follows:

3 (1) Each Under Secretary of an executive department
4 (other than the Department of State) ;

5 (2) The Deputy Postmaster General;

6 (3) The Administrator of Veterans' Affairs;

7 (4) The Administrator of General Services;

8 (5) The Administrator of the Housing and Home
9 Finance Agency;

10 (6) The Director of the International Cooperation
11 Administration;

12 (7) The Deputy Director of the Office of Defense
13 Mobilization;

14 (8) The Administrator of the Federal Civil Defense
15 Administration;

16 (9) The Chairman of the Renegotiation Board;

17 (10) The Director of the United States Information
18 Agency;

19 (11) The President of the Export-Import Bank of
20 Washington;

21 (12) The Governor of the Farm Credit Administration;

22 (13) The Chairman of the Council of Economic Ad-
23 visors;

24 (14) The Associate Director of the Federal Bureau of
25 Investigation, Department of Justice.

1 SEC. 106. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$20,000, as follows:

4 (1) The Assistant Comptroller General of the United
5 States;

6 (2) The Deputy Director of the Bureau of the Budget;

7 (3) The Under Secretary of the Army;

8 (4) The Under Secretary of the Navy;

9 (5) The Under Secretary of the Air Force;

10 (6) The Deputy Administrator of Veterans' Affairs;

11 (7) The Director of the Federal Mediation and Con-
12 ciliation Service;

13 (8) The Chairman of the United States Civil Service
14 Commission;

15 (9) Each member (other than the Chairman) of the
16 Council of Economic Advisors;

17 (10) Each member of the Board of Governors of the
18 Federal Reserve System;

19 (11) Each member of the Board of Directors of the
20 Federal Deposit Insurance Corporation;

21 (12) The Comptroller of the Currency;

22 (13) Each Deputy Under Secretary of the Department
23 of State;

24 (14) The First Vice President of the Export-Import
25 Bank of Washington;

1 (15) The Chairman of the Federal Maritime Board, De-
2 partment of Commerce;

3 (16) The Deputy Director of the United States In-
4 formation Agency;

5 (17) The Deputy Administrator of the Federal Civil
6 Defense Administration;

7 (18) The Deputy Director of the International Coopera-
8 tion Administration;

9 (19) The Deputy Director of Central Intelligence.

10 SEC. 107. (a) The annual rate of basic compensation
11 for each of the offices or positions listed in this section shall
12 be \$19,000, as follows:

13 (1) The Assistant to the Director of the Federal Bureau
14 of Investigation, Department of Justice;

15 (2) Each Assistant Secretary of an executive depart-
16 ment;

17 (3) Each Assistant Postmaster General;

18 (4) The Fiscal Assistant Secretary of the Treasury;

19 (5) The Director of the National Advisory Committee
20 for Aeronautics;

21 (6) Each member of the Civil Aeronautics Board;

22 (7) Each member of the Federal Communications
23 Commission;

24 (8) Each member of the Federal Power Commission;

25 (9) Each member of the Federal Trade Commission;

- 1 (10) Each member of the Interstate Commerce Com-
2 mission;
- 3 (11) Each member of the National Labor Relations
4 Board;
- 5 (12) Each member of the National Mediation Board;
- 6 (13) Each member of the Railroad Retirement Board;
- 7 (14) Each member of the Securities and Exchange
8 Commission;
- 9 (15) Each member of the Board of Directors of the
10 Tennessee Valley Authority;
- 11 (16) Each member (other than the Chairman) of the
12 United States Civil Service Commission;
- 13 (17) Each member of the United States Tariff Com-
14 mission;
- 15 (18) The General Counsel of the National Labor Re-
16 lations Board;
- 17 (19) The Deputy Administrator of General Services;
- 18 (20) The Archivist of the United States;
- 19 (21) The Commissioner of Internal Revenue;
- 20 (22) The Commissioner of Immigration and Natural-
21 ization;
- 22 (23) The Commissioner of Public Roads;
- 23 (24) The Administrator of Civil Aeronautics;
- 24 (25) The Administrator of the Rural Electrification
25 Administration;

- 1 (26) The Counselor of the Department of State;
- 2 (27) The Governor of Alaska;
- 3 (28) The Governor of Hawaii;
- 4 (29) The Governor of the Virgin Islands;
- 5 (30) The Governor of the Canal Zone;
- 6 (31) The Public Printer;
- 7 (32) The Librarian of Congress;
- 8 (33) The Architect of the Capitol;
- 9 (34) The President of the Federal National Mortgage
10 Association, Housing and Home Finance Agency;
- 11 (35) The Deputy Administrator of the Housing and
12 Home Finance Agency;
- 13 (36) Each member of the Home Loan Bank Board,
14 Housing and Home Finance Agency;
- 15 (37) The Public Housing Commissioner, Housing and
16 Home Finance Agency;
- 17 (38) The Federal Housing Commissioner, Housing and
18 Home Finance Agency;
- 19 (39) Each Assistant Secretary of the Army;
- 20 (40) Each Assistant Secretary of the Navy;
- 21 (41) Each Assistant Secretary of the Air Force;
- 22 (42) The Special Assistant to the Secretary (Health
23 and Medical Affairs), Department of Health, Education,
24 and Welfare;

- 1 (43) The Chairman of the Military Liaison Committee
2 to the Atomic Energy Commission, Department of Defense;
- 3 (44) The Administrator, Bureau of Security and Con-
4 sular Affairs, Department of State;
- 5 (45) Each member of the Board of Directors of the
6 Export-Import Bank of Washington;
- 7 (46) Each member of the Foreign Claims Settlement
8 Commission of the United States;
- 9 (47) Each member (other than the Chairman) of the
10 Federal Maritime Board, Department of Commerce;
- 11 (48) Each Assistant Director of the Bureau of the
12 Budget;
- 13 (49) Each member (other than the Chairman) of the
14 Renegotiation Board;
- 15 (50) The Administrator, Wage and Hour and Public
16 Contracts Divisions, Department of Labor;
- 17 (51) The Director of the National Science Foundation;
- 18 (52) Each member of the Subversive Activities Con-
19 trol Board;
- 20 (53) The Solicitor, General Counsel, Legal Adviser,
21 or other chief legal officer of each executive department
22 (excluding the Department of Justice) ;
- 23 (54) The ten assistant directors, International Coop-
24 eration Administration, designated under section 1 (d) of

1 Reorganization Plan No. 7 of 1953 and section 527 (b)
 2 of the Mutual Security Act of 1954, respectively;

3 (55) The Administrator of the Saint Lawrence Sea-
 4 way Development Corporation;

5 (56) The Administrator of the Small Business Ad-
 6 ministration.

7 (b) The first sentence of section 603 of title 28 of
 8 the United States Code (relating to the annual compensa-
 9 tion of the Director of the Administrative Office of the United
 10 States Courts) is amended to read as follows: "The Director
 11 shall receive a salary of \$19,000 a year."

12 SEC. 108. The annual rate of basic compensation for
 13 each of the offices or positions listed in this section shall be
 14 \$17,500, as follows:

15 (1) The Associate Director of the Federal Mediation
 16 and Conciliation Service;

17 (2) The Director of Selective Service;

18 (3) Each Commissioner of the Indian Claims Commis-
 19 sion;

20 (4) Each Commissioner of the United States Court
 21 of Claims;

22 (5) The Assistant Architect of the Capitol;

23 (6) The Chief Assistant Librarian of Congress;

24 (7) The Deputy Public Printer.

1 SEC. 109. The annual rate of basic compensation for
2 each of the offices or positions listed in this section shall be
3 \$17,000, as follows:

4 (1) The Treasurer of the United States;

5 (2) The Commissioner, Federal Supply Service, Gen-
6 eral Services Administration;

7 (3) The Director of the Bureau of Prisons, Department
8 of Justice;

9 (4) The Commissioner, Public Buildings Service, Gen-
10 eral Services Administration;

11 (5) The Commissioner of Social Security, Department
12 of Health, Education, and Welfare;

13 (6) The Commissioner of Reclamation, Department
14 of the Interior;

15 (7) The Commissioner of Customs, Department of the
16 Treasury;

17 (8) The Commissioner of Narcotics, Department of the
18 Treasury;

19 (9) The Administrator, Bonneville Power Adminis-
20 tration;

21 (10) The Deputy Administrator of the Saint Lawrence
22 Seaway Development Corporation;

23 (11) The Director, Division of Slum Clearance and
24 Urban Redevelopment, Housing and Home Finance Agency;

1 (12) The Director of Housing Research, Housing and
2 Home Finance Agency;

3 (13) Each Deputy Administrator, Small Business Ad-
4 ministration.

5 SEC. 110. Except as otherwise specifically provided in
6 this title, the chairman or other head of each independent
7 board or commission in the executive branch shall receive,
8 during the period of his service as chairman or other head
9 of such board or commission, annual basic compensation at
10 a rate which is \$500 more than the annual rate of basic
11 compensation prescribed by this title for the other members
12 of such board or commission.

13 TITLE II—INCREASES IN MAXIMUM LIMITA-
14 TIONS ON BASIC COMPENSATION UNDER
15 CLASSIFICATION ACT OF 1949 AND OTHER
16 LAWS

17 SEC. 201. (a) The compensation schedule for the Gen-
18 eral Schedule contained in section 603 (b) of the Classifica-
19 tion Act of 1949, as amended, is amended by striking out:

"GS-17----- 13, 975 14, 190 14, 405 14, 620
GS-18----- 14, 800"

20 and inserting in lieu thereof:

"GS-17----- 13, 975 14, 190 14, 405 14, 620 14, 835
GS-18----- 16, 000".

21 (b) The rates of basic compensation of officers and em-

1 ployees to whom this section applies shall be initially ad-
2 justed as follows:

3 (1) If the officer or employee is receiving basic com-
4 pensation immediately prior to the effective date of this
5 Act at a scheduled rate of grade 17 or 18 of the General
6 Schedule, he shall receive a rate of basic compensation at
7 the corresponding scheduled rate in effect on and after such
8 date;

9 (2) If the officer or employee, immediately prior to the
10 effective date of this Act, is in a position in grade 17 of the
11 General Schedule and is receiving basic compensation at a
12 rate between two scheduled rates of such grade, he shall
13 receive a rate of basic compensation at the higher of the
14 two corresponding rates in effect on and after such date;

15 (3) If the officer or employee, immediately prior to
16 the effective date of this Act, is in a position in grade 17
17 of the General Schedule and is receiving basic compensation
18 at a rate which is in excess of the maximum scheduled rate
19 of his grade as provided in this section, he shall continue to
20 receive such higher rate of basic compensation until (A) he
21 leaves such position, or (B) he is entitled to receive basic
22 compensation at a higher rate by reason of the operation
23 of the Classification Act of 1949, as amended; but when
24 such position becomes vacant, the rate of basic compensation

1 of any subsequent appointee thereto shall be fixed in accord-
 2 ance with such Act, as amended.

3 SEC. 202. The Postal Field Service Schedule in section
 4 301 (a) of the Postal Field Service Compensation Act of
 5 1955 (Public Law 68, Eighty-fourth Congress) is amended
 6 by striking out:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

7 and inserting in lieu thereof:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200		
20-----	16, 000".						

8 SEC. 203. Section 3 of the Act of January 3, 1946,
 9 as amended (38 U. S. C., sec. 15b), is hereby amended as
 10 follows:

11 (1) The first paragraph of such section 3 as amended
 12 by paragraph (1) of the first section of the Act of October
 13 12, 1949 (63 Stat. 764), and the second and third para-
 14 graphs of subsection (b) of such section 3 as amended by
 15 paragraphs (3) and (4) of the first section of such Act
 16 of October 12, 1949, are hereby redesignated as subsections
 17 "(a)", "(c)", and "(d)", respectively, of section 3 of the
 18 Act of January 3, 1946;

19 (2) The last sentence of section 3 (b) is amended to
 20 read: "During the period of his service as such, the Chief
 21 Medical Director shall be paid a salary of \$17,800 a year.";

1 (3) The last sentence of section 3 (c), as redesign-
2 nated by paragraph (1) of this section, is amended to read:
3 “During the period of his service as such, the Deputy Chief
4 Medical Director shall be paid a salary of \$16,800 a year.”;
5 and

6 (4) That portion of the first sentence of section 3 (d),
7 as redesignated by paragraph (1) of this section, which
8 precedes the proviso in such sentence is amended to read:
9 “Each Assistant Chief Medical Director shall be appointed
10 by the Administrator upon the recommendation of the Chief
11 Medical Director and shall be paid a salary of \$15,800 a
12 year:”.

13 SEC. 204. (a) Subsection (c) of the first section of the
14 Act of August 1, 1947, as amended (5 U. S. C., secs. 171p,
15 230, 476, and 626t; 50 U. S. C., sec. 158), relating to
16 limitations on rates of basic compensation for research and
17 development positions requiring the services of specially
18 qualified scientific or professional personnel in the Depart-
19 ment of Defense and in the National Advisory Committee for
20 Aeronautics, is amended (1) by striking out “\$10,000” and
21 inserting in lieu thereof “\$12,500” and (2) by striking out
22 “\$15,000” and inserting in lieu thereof “\$17,500”.

23 (b) Section 208 (g) of the Public Health Service Act,
24 as amended (42 U. S. C., sec. 210 (g)), relating to limita-
25 tions on rates of basic compensation for research and develop-

1 ment positions requiring the services of specially qualified
2 scientific or professional personnel in the Public Health Serv-
3 ice, is amended (1) by striking out “\$10,000” and inserting
4 in lieu thereof “\$12,500” and (2) by striking out “\$15,000”
5 and inserting in lieu thereof “\$17,500”.

6 (c) Section 12 of the Act of May 29, 1884, as amended
7 (62 Stat. 198; 21 U. S. C., sec. 113a), relating to the
8 maximum limitation on basic compensation for positions of
9 technical experts or scientists for research and study of foot-
10 and-mouth disease and other animal diseases, is amended by
11 striking out “\$15,000” and inserting in lieu thereof
12 “\$17,500”.

13 (d) The amendments contained in subsections (a) and
14 (b) of this section shall not affect the authority of the
15 United States Civil Service Commission or the procedure for
16 fixing the pay of individual officers or employees under the
17 provisions of law amended by such subsections (a) and (b) ;
18 except that the rate of basic compensation in effect immedi-
19 ately prior to the effective date of this Act of any officer or
20 employee to whom the provisions of law amended by this
21 section apply, which is less than a basic rate of \$12,500 per
22 annum, shall be increased to such rate on such effective date.

23 TITLE III—GENERAL PROVISIONS

24 SEC. 301. The following provisions of law are hereby
25 repealed:

1 (1) The Act entitled "An Act to increase rates of
2 compensation of the heads and assistant heads of executive
3 departments and independent agencies", approved October
4 15, 1949 (Public Law 359, Eighty-first Congress; 63 Stat.
5 880), except section 2 (b), section 6 (b), section 6 (c),
6 section 6 (d), and section 9 thereof;

7 (2) That part of the paragraph under the heading
8 "Federal Bureau of Investigation" and under the subhead-
9 ing "Salaries and Expenses" contained in title II (the
10 Department of Justice Appropriation Act, 1956) of the
11 Departments of State and Justice, the Judiciary, and re-
12 lated agencies Appropriation Act, 1956 (Public Law 133,
13 Eighty-fourth Congress), which reads ": *Provided*, That
14 the compensation of the Director of the Bureau shall be
15 \$20,000 per annum so long as the position is held by the
16 present incumbent"; and

17 (3) That part of the first paragraph under the head-
18 ing "National Advisory Committee for Aeronautics" con-
19 tained in title I of the Independent Offices Appropriation
20 Act, 1956 (Public Law 112, Eighty-fourth Congress),
21 which reads "one Director at not to exceed \$17,500 per
22 annum so long as the position is held by the present
23 incumbent;".

24 SEC. 302. Nothing contained in this Act shall be held
25 or considered to affect the last proviso in the paragraph un-

1 der the heading "Federal Prison System" and under the
2 subheading "Salaries and Expenses, Bureau of Prisons" con-
3 tained in title II (the Department of Justice Appropriation
4 Act, 1956) of the Departments of State and Justice, the
5 Judiciary, and related agencies Appropriation Act, 1956
6 (Public Law 133, Eighty-fourth Congress), which reads
7 "*Provided further*, That hereafter the compensation of the
8 Director of the Bureau shall be \$17,500 per annum so long
9 as the position is held by the present incumbent".

10 SEC. 303. The rate of basic compensation of any officer
11 or employee of the Federal Government which is in effect
12 immediately prior to the effective date of this Act shall
13 not be reduced by reason of the enactment of this Act.

14 SEC. 304. This Act shall take effect at the beginning
15 of the first pay period following the date of enactment of
16 this Act.

Passed the House of Representatives July 30, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To adjust the rates of compensation of the heads
of the executive departments and of certain
other officials of the Federal Government,
and for other purposes.

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar

JANUARY 5, 1956

Referred to the Committee on Post Office and Civil
Service

tions, and to technicians and administrators in the executive agencies of the Federal Government. At the same time, copies are put on sale by the Superintendent of Documents for persons desiring quantity orders. Over 60,000 copies of committee publications have been sold since 1948.

The committee's supply of two of the current publications, first, hearings of the Subcommittee on Economic Stabilization on Automation and Technological Change, and second, Federal Tax Policy for Economic Growth and Stability—papers submitted by panelists appearing before the Subcommittee on Tax Policy—is already exhausted and stocks of these publications at the Government Printing Office are being rapidly depleted. I am introducing, therefore, the concurrent resolutions which I now send to the desk, requesting that 1,000 additional copies of each of these publications be approved for printing. It may interest Members of the Senate to know that we have a backlog of nearly 500 unfilled requests for each of these publications and are receiving many additional requests daily. I hope it will be possible for the Committee on Rules and Administration to give this request its early and favorable consideration and that the Senate and the House will approve the additional printing to meet this pressing need.

The PRESIDING OFFICER. The concurrent resolutions will be received and appropriately referred.

Senate Concurrent Resolution 60

Resolved by the Senate (the House of Representatives concurring). That there be printed for the use of the Joint Committee on the Economic Report one thousand additional copies of the hearings on automation and technological change, held before said joint committee during the Eighty-fourth Congress, first session.

Senate Concurrent Resolution 61

Resolved by the Senate (the House of Representatives concurring). That there be printed for the use of the Joint Committee on the Economic Report 1,000 additional copies of the Joint Committee print, entitled "Federal Tax Policy for Economic Growth and Stability."

EXTENSION OF TIME FOR INVESTIGATION OF ADMINISTRATION OF THE CIVIL-SERVICE SYSTEM AND POSTAL SERVICE

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 153), which was referred to the Committee on Post Office and Civil Service:

Resolved, That the first section of Senate Resolution 33, 84th Congress, agreed to May 11, 1955 (authorizing an investigation of the administration of the civil-service system and the postal service), is amended by striking out "January 31, 1956" and inserting in lieu thereof "January 31, 1957."

EXTENSION OF TIME FOR STUDY OF GOVERNMENT EMPLOYEE SECURITY PROGRAM

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 154), which was referred to the Committee on Post Office and Civil Service:

Resolved, That Senate Resolution 20, 84th Congress, agreed to February 21, 1955 (authorizing a study of the administration of the Government employees security program), is amended by striking out "January 31, 1956" wherever it appears in such resolution and inserting in lieu thereof "January 31, 1957."

AUTHORITY TO INVESTIGATE CERTAIN MATTERS BY COMMITTEE ON BANKING AND CURRENCY

Mr. FULBRIGHT (for himself and Mr. CAPEHART) submitted the following resolution (S. Res. 155), which was referred to the Committee on Banking and Currency:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to—

- (1) banking and currency generally;
- (2) financial aid to commerce and industry;
- (3) the Federal Reserve system, including monetary and credit policies;
- (4) economic stabilization, production, and mobilization;
- (5) valuation and revaluation of the dollar;
- (6) prices of commodities, rents, and services;
- (7) securities and exchange regulation; and
- (8) disaster insurance or indemnity.

Sec. 2. For the purposes of this resolution the committee, from February 1, 1956, to January 31, 1957, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants; and (3) with the consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. Expenses of the committee, under this resolution, which shall not exceed \$100,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INVESTIGATION OF METHODS OF INCREASING HIGHWAY SAFETY

Mrs. SMITH of Maine submitted the following resolution (S. Res. 156), which was referred to the Committee on Labor and Public Welfare:

Resolved, That the Senate Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation and study for the purpose of determining what action can be taken by the Federal Government to promote the public welfare by increasing highway safety in the United States. In making such investigation and study the committee shall give consideration to—

- (1) the need for Federal assistance to State and local governments in the enforcement of necessary highway safety and speed requirements and the forms such assistance should take;
- (2) the advisability and practicability of uniform State and local highway safety and speed laws and what steps should be taken

by the Federal Government to promote the adoption of such uniform laws;

(3) possible means of promoting highway safety in the manufacture of the various types of vehicles used on the highways;

(4) educational programs to promote highway safety; and

(5) such other matters as it may deem advisable and appropriate. The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date.

M. B. HUGGINS, JR.—AMENDMENT

Mr. THURMOND submitted an amendment, intended to be proposed by him to the bill (S. 2169) for the relief of M. B. Huggins, Jr., which was referred to the Committee on the Judiciary, and ordered to be printed.

INCREASE OF COMPENSATION OF CERTAIN OFFICIALS OF THE EXECUTIVE DEPARTMENT—BILLS REREFERRED TO COMMITTEE

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that Calendar No. 1316, H. R. 7619, to adjust the rates of compensation of the heads of the executive departments and certain other officials of the Federal Government, be rereferred to the Committee on Post Office and Civil Service.

I also ask unanimous consent to have Calendar No. 1274, S. 2628, to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, a companion bill to H. R. 7619, rereferred back to the Committee on Post Office and Civil Service.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BRIBLE in the chair). Does the Senator from South Carolina yield to the Senator from Texas?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Texas. Will the Senator give us his reasons for the request that the bills be referred back to the committee; and is the request being made with the knowledge of the ranking minority member?

Mr. JOHNSTON of South Carolina. No hearings were held on the bills. They were reported at the last session, but no action was taken on them. These are the executive pay bills.

Mr. JOHNSON of Texas. Is the ranking minority member aware of the request which the Senator is now making?

Mr. JOHNSTON of South Carolina. No. I have not seen him here today.

Mr. JOHNSON of Texas. I wonder if it is agreeable to the Senator from South Carolina to withhold his request—

Mr. JOHNSTON of South Carolina. I do not want to do anything that is not proper. It is well known that proper hearings were not had. The bills were rushed through the committee and placed on the calendar.

Mr. JOHNSON of Texas. In line with the usual procedure, I should very much like to have the Senator from South Carolina agree to postpone his request until the ranking minority member of

the committee can be notified. If such action is agreeable to him, the Senate can then acquiesce in the Senator's request. If not, further consideration can be given to the matter.

Mr. JOHNSTON of South Carolina subsequently said: Mr. President, at this time I renew my unanimous-consent request of a few moments ago, and ask that Calendar No. 1316, H. R. 7619, and Calendar 1274, S. 2628, be rereferred to the Committee on Post Office and Civil Service.

Mr. HUMPHREY. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I am happy to yield.

Mr. HUMPHREY. In line with the statement of the minority leader, I should like to inquire whether the matter referred to by the Senator from South Carolina has been cleared with the minority members of the committee.

Mr. JOHNSTON of South Carolina. I have discussed it with the ranking minority members of the Committee on Post Office and Civil Service, the Senator from Kansas [Mr. CARLSON], and he does not object to my request.

Mr. KNOWLAND. Mr. President, as I understand, the Senator from South Carolina requests a re-referral of the two bills to which he has adverted.

Mr. JOHNSTON of South Carolina. Yes; that is correct. I ask that both bills be re-referred to the Committee on Post Office and Civil Service for further study. I believe the Senator from Kansas [Mr. CARLSON] will also concur in the statement that last year, during the closing hours of the session, a request was made for executive pay increases. At that time we did not have opportunity to hold hearings on the bills which were introduced on that subject.

It is only for that reason that I am asking that the bills be re-referred to the Committee on Post Office and Civil Service, so that the members of the committee may study the bills and inquire into the whole subject of executive pay increases, and submit to the Senate a report on the bills.

Mr. CARLSON. Mr. President, I should like to make inquiry of the distinguished chairman of the Committee on Post Office and Civil Service with reference to the possibility of getting early consideration of the bills. As I understand, the chairman requests that the bills be re-referred to the committee for further study, and the chairman gives the Senate his assurance that the bills will receive early consideration by the committee.

Mr. JOHNSTON of South Carolina. I shall be very glad to schedule hearings on the bills in the near future. As the Senator from Kansas knows, last year we worked under considerable pressure during the closing days of the session, and we did not have time to hold hearings on the bills. However, I shall be very glad to hold hearings on them.

Mr. CARLSON. Mr. President, I believe the Senator from South Carolina has made a very good request. It is well to have a thorough review and study of the proposed legislation, and I wish to be certain that some consideration

will be given to the bills if consent is granted that they be re-referred to the committee.

Mr. MORSE. Mr. President, I wish to join with the Senator from Kansas [Mr. CARLSON] in the suggestion that the bills receive early consideration by the Committee on Post Office and Civil Service and that they be reported to the Senate at an early date.

Senators will recall that during the closing hours of the last session I held the floor for some hours, in part because of my opposition to the passage of the executive pay bills under discussion. These executive pay bills had never been subjected to committee hearings. The RECORD is very clear on that point. An attempt was made to steamroller those bills through the Senate without hearings. I said on that occasion that I thought a case could be made for executive pay increases for some jobs, but that the Senate was entitled to the benefit of the record of hearings on any such bills. Therefore, I said, in view of the fact the bills had not been subjected to hearings, I was not prone to let them come to a vote in the closing hours of the session. Therefore I held the floor until the session adjourned, making clear that I favored early committee hearings on the bills, early debate in the next session on the bills, and an early vote on the issue in the next session.

I am perfectly willing to stand on that record.

I also stated in my remarks in the closing hours of the session that I would support pay retroactivity in those instances in which retroactivity could be justified so far as any pay increases for some jobs were concerned.

I am glad to note that the chairman of the Committee on Post Office and Civil Service is asking that the bills be re-referred to the committee, so that the committee may hold hearings on them.

I wish to join the Senator from Kansas in urging early consideration of the bills, so that we may have a committee report ready for our judgment as to what, if any, executive pay increases should be voted.

The PRESIDING OFFICER. Without objection, the bills will be referred to the Committee on Post Office and Civil Service.

Mr. JOHNSTON of South Carolina. Along the same line, Mr. President, I should like to state that one of the bills under discussion was introduced by me, and that the other bill was introduced in the House. The latter bill was passed by the House and was sent to the Senate. I assure the Senate that we shall hold hearings on the bills as soon as possible.

IMMIGRATION AND NATURALIZATION ACT

Mr. KILGORE. Mr. President, I ask unanimous consent that there be printed in the body of the RECORD a few of the many letters and statements relating to proposed changes in our immigration and nationality laws which I have been receiving as chairman of the Senate Judiciary Committee and its Subcommittee

on Immigration and Naturalization. The first is a letter released to the public by the addressee, the chairman of a Massachusetts committee to revise the Immigration Act; the second is a clipping from the Boston archdiocesan newspaper, the Boston Pilot; the others are letters addressed to me as chairman. These statements are from the following distinguished American citizens:

Adlai E. Stevenson, former Governor of the State of Illinois.

Patrick A. O'Boyle, archbishop of Washington, D. C.

Christian A. Herter, formerly a Member of the United States House of Representatives, and presently Governor of the Commonwealth of Massachusetts.

William J. Donovan, outstanding member of the American bar and World War II head of the Office of Strategic Services.

Philip D. Reed, chairman of the board of General Electric Co.

David Sarnoff, chairman of the board of Radio Corporation of America.

Jacob S. Potofsky, general president of the Amalgamated Clothing Workers of America.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CHICAGO, December 28, 1955.

Mr. JEROME PRESTON, JR.,
Chairman, Massachusetts Committee for
Revision of the McCarran-Walter Im-
migration and Nationality Act, Boston,
Mass.

DEAR MR. PRESTON: I have your letter of December 27 asking my views on our immigration and naturalization laws and policies. I had been scheduled to testify on this subject in the course of the recent hearings of the Senate Subcommittee on Immigration and Naturalization headed by Senator KILGORE first in Washington and then in New York but, as you know, the hearings were recessed.

I am glad, however, to pass along my general views on these laws which have aroused such resentment both at home and abroad.

In criticizing the McCarran-Walter Act, I criticize not only the restrictive innovations which appeared in that law for the first time, but also harsh and restrictive provisions passed over the years since 1924, and reenacted by the McCarran-Walter Act, such as the national-origins quota system.

I am aware, of course, that the act contained some good features, for example, the removal of absolute barriers to immigration and citizenship based on race, applicable to Japanese and a few other Asiatic groups. There was also the very good provision permitting husbands of American citizens to be admitted into the United States on a nonquota basis.

But unfortunately the bad outweighs the good. And in my opinion the worst thing about the law is the national-origins quota system of selecting immigrants. As originally passed in 1924, the discriminations based on race and national origin affected aliens, but the McCarran-Walter Act goes further by discriminating against naturalized citizens of the United States.

The national-origins system of selection was originally designed to confine the larger part of immigration to Northern and Western Europe, and to diminish immigration from Southern and Eastern Europe and from Asia. The limitation on Southern Europe adversely affects Italy and Greece, and the limitation on Eastern Europe was chiefly aimed at Poland. The total immi-

S. 2875

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1956

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To revise the Civil Service Retirement Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Civil Service Retirement Act of May 29, 1930, as
4 amended, is amended to read as follows:

5 “DEFINITIONS

6 “SEC. 1. Wherever used in this Act—

7 “(a) The term ‘employee’ shall mean a civilian officer
8 or employee in or under the Government and, except for
9 purposes of section 2, shall mean a person to whom this Act
10 applies.

11 “(b) The term ‘Member’ shall mean a United States

1 Senator, Representative in Congress, Delegate from a Ter-
2 ritory, or the Resident Commissioner from Puerto Rico, and,
3 except for purposes of section 2, shall mean a Member to
4 whom this Act applies.

5 “(c) The term ‘congressional employee’ means an
6 employee of the Senate or House of Representatives or of
7 a committee of either House, an employee of a joint com-
8 mittee of the two Houses, an elected officer of the Senate
9 or House of Representatives who is not a Member of either
10 House, the Legislative Counsel of the Senate and the
11 Legislative Counsel of the House of Representatives and the
12 employees in their respective offices, an Official Reporter
13 of Debates of the Senate and a person employed by the
14 Official Reporters of Debates of the Senate in connection with
15 the performance of their official duties, the Architect of the
16 Capitol and the employees of the Architect of the Capitol,
17 a member of the Capitol Police force, an employee of the
18 Vice President if such employee’s compensation is disbursed
19 by the Secretary of the Senate, and an employee of a Member
20 if such employee’s compensation is disbursed by the Secretary
21 of the Senate or the Clerk of the House of Representatives.

22 “(d) The term ‘basic salary’ shall not include bonuses,
23 allowances, overtime pay, military pay, or salary, pay, or
24 compensation given in addition to the base pay of the position
25 as fixed by law or regulation: *Provided*, That for employees

1 paid on a fee basis, the maximum amount of basic salary
2 which may be used shall be \$10,000 per annum. For a
3 Member, the term 'basic salary' shall include, from April 1,
4 1954, to February 28, 1955, the amount received as expense
5 allowance under section 601 (b) of the Legislative Reorgan-
6 ization Act of 1946, as amended, and such amount from
7 January 3, 1953, to March 31, 1954, provided deposit is
8 made thereon as provided in section 4.

9 “(e) The term 'average salary' shall mean the largest
10 annual rate resulting from averaging, over any period of
11 five consecutive years of creditable service, an employee's
12 rates of basic salary in effect during such period, with each
13 rate weighted by the time it was in effect: *Provided*, That
14 the period for a Member shall be his Member service from
15 and after August 3, 1946.

16 “(f) The term 'fund' shall mean the civil service
17 retirement and disability fund created by the Act of May 22,
18 1920.

19 “(g) The terms 'disabled' and 'disability' shall mean
20 totally disabled for useful and efficient service in the grade or
21 class of position last occupied by the employee or Member
22 by reason of disease or injury not due to vicious habits, in-
23 temperance, or willful misconduct on his part within the five
24 years next prior to becoming so disabled.

25 “(h) The term 'widow', for purposes of section 10, shall

1 mean the surviving wife of an employee or Member who was
2 married to such individual for at least two years immediately
3 preceding his death or is the mother of issue by such
4 marriage.

5 “(i) The term ‘widower’, for purposes of section 10,
6 shall mean the surviving husband of an employee or Member
7 who was married to such employee or Member for at least
8 two years immediately preceding her death or is the father
9 of issue by such marriage. The term ‘dependent widower’,
10 for purposes of section 10, shall mean a ‘widower’ who is
11 incapable of self-support by reason of mental or physical
12 disability, and who received more than one-half his support
13 from such employee or Member.

14 “(j) The term ‘child’, for purposes of section 10, shall
15 mean an unmarried child, including (1) an adopted child,
16 and (2) a stepchild or recognized natural child who received
17 more than one-half his support from and lived with the Mem-
18 ber or employee in a regular parent-child relationship, under
19 the age of eighteen years, or such unmarried child regardless
20 of age who because of physical or mental disability is inca-
21 pable of self-support.

22 “(k) The term ‘Government’ shall mean the executive,
23 judicial, and legislative branches of the United States Gov-
24 ernment, including Government-owned or controlled cor-

1 porations and Gallaudet College, and the municipal govern-
2 ment of the District of Columbia.

3 “(l) The term ‘lump-sum credit’ shall mean the unre-
4 funded amount consisting of (1) the retirement deductions
5 made from the basic salary of an employee or Member, (2)
6 any sums deposited by an employee or Member covering
7 prior service, and (3) interest on such deductions and de-
8 posits at 4 per centum per annum to December 31, 1947,
9 and 3 per centum per annum thereafter compounded annu-
10 ally to date of separation or transfer or December 31, 1956,
11 whichever is earlier, in case of an employee or Member who
12 is separated with title to a deferred annuity and does not
13 claim the lump-sum credit, to the commencing date fixed
14 for such deferred annuity or date of death or December 31,
15 1956, whichever is earlier. The lump-sum credit shall not
16 include interest if the service covered thereby aggregates one
17 year or less, nor shall it include interest for the fractional
18 part of a month in the total service.

19 “(m) The term ‘Commission’ shall mean the United
20 States Civil Service Commission.

21 “(n) The term ‘annuitant’ shall mean any former em-
22 ployee or Member who, on the basis of his service, has met
23 all requirements of the Act for title to annuity and has filed
24 claim therefor.

25 “(o) The term ‘survivor’ shall mean a person who is

1 entitled to annuity under this Act based on the service of a
2 deceased employee or Member or of a deceased annuitant.

3 “(p) The term ‘survivor annuitant’ shall mean a sur-
4 vivor who has filed claim for annuity.

5 “(q) The term ‘service’ shall mean employment which
6 is creditable under section 3.

7 “(r) The term ‘military service’ shall mean honorable
8 active service in the Army, Navy, Air Force, Marine Corps,
9 or Coast Guard of the United States, but shall not include
10 service in the National Guard except when ordered to active
11 duty in the service of the United States.

12 “(s) The term ‘Member service’ shall mean service as
13 a Member of Congress and shall include the period from
14 the date of the beginning of the term for which the Member
15 is elected or appointed to the date on which he takes office
16 as Member.

17 “COVERAGE

18 “SEC. 2. (a) This Act shall apply to each employee and
19 Member, except as hereinafter provided.

20 “(b) This Act shall not apply to any elective officer in
21 the executive branch of the United States Government, to
22 any judge of the United States as defined under section 451
23 of title 28 of the United States Code, or to any employee
24 of the Government subject to another retirement system for
25 Government employees,

1 “(c) This Act shall not apply to any Member or to any
2 congressional employee until he gives notice in writing,
3 within six months after the date of entrance to the service,
4 to the officer by whom his salary is paid, of his desire to
5 come within the purview of this Act.

6 “(d) This Act shall not apply to any temporary con-
7 gressional employee unless such employee is appointed at
8 an annual rate of salary and gives notice in writing, within
9 six months after the date of entrance to the service, to the
10 officers by whom his salary is paid, of his desire to come
11 within the purview of this Act.

12 “(e) The Commission may exclude from the operation
13 of this Act any employee or group of employees in the ex-
14 ecutive branch of the United States Government, or of the
15 District of Columbia government upon recommendation by
16 its Commissioners, whose tenure of office or employment is
17 temporary or intermittent, except that no employee shall be
18 excluded under this subsection after he shall have had more
19 than six months’ continuous service.

20 “(f) This Act shall not apply to any temporary em-
21 ployee of the Administrative Office of the United States
22 Courts, of the courts specified in section 610 of title 28 of the
23 United States Code, of the Office of the Architect of the
24 Capitol, or of the Library of Congress.

25 “(j) Nothing in this section shall operate to deny cov-

1 erage under this Act to any person who was subject to this
2 Act on December 31, 1956.

3 "CREDITABLE SERVICE

4 "SEC. 3. (a) An employee's service for the purposes of
5 this Act including service as a substitute in the postal service
6 shall be credited from the date of original employment to the
7 date of the separation upon which title to annuity is based
8 in the civilian service of the Government. Credit shall
9 similarly be allowed for service in the Pan American Sani-
10 tary Bureau. No credit shall be allowed for any period
11 of separation from the service in excess of three calendar
12 days.

13 "(b) An employee shall be allowed credit for periods
14 of military service prior to the date of the separation upon
15 which title to annuity is based; however, if an employee is
16 awarded retired pay on account of military service, the
17 period of service upon which such retired pay is based shall
18 not be included, unless such retired pay is awarded on
19 account of a service-connected disability incurred in combat
20 with an enemy of the United States or resulting from an
21 explosion of an instrument of war or is awarded under title
22 III of Public Law 810, Eightieth Congress. A Member
23 shall be allowed credit for periods of military service, not
24 exceeding five years, plus any military service performed by
25 the Member upon leaving his office, for the purpose of per-

1 forming such service, during any war or national emergency
2 proclaimed by the President or declared by the Congress
3 and prior to his final separation from service as Member.

4 A Member may not receive credit for military service for
5 which credit is allowed for the purposes of retired pay under
6 any other provision of law. Nothing in this Act shall affect
7 the right of an employee or a Member to retired pay, pen-
8 sion, or compensation in addition to the annuity herein
9 provided.

10 “(c) Credit shall be allowed for leaves of absence
11 granted an employee while performing military service or
12 while receiving benefits under the Federal Employees’ Com-
13 pensation Act of September 7, 1916, as amended. Except
14 for a substitute in the postal service, there shall be excluded
15 from credit so much of any other leaves of absence without
16 pay as may exceed six months in the aggregate in any
17 calendar year.

18 “(d) An employee who during the period of any war,
19 or of any national emergency as proclaimed by the Presi-
20 dent or declared by the Congress, has left or leaves his posi-
21 tion to enter the military service shall not be considered, for
22 the purposes of this Act, as separated from his civilian posi-
23 tion by reason of such military service, unless he shall apply
24 for and receive a lump-sum benefit under this Act: *Pro-*

1 *vided*, That such employee shall not be considered as retain-
2 ing his civilian position beyond December 31, 1956, or the
3 expiration of five years of such military service, whichever
4 is later.

5 “(e) The total service of an employee or Member shall
6 be the full years and twelfth parts thereof, excluding from
7 the aggregate the fractional part of a month, if any.

8 “(f) An employee must have completed at least five
9 years of civilian service before he shall be eligible for annuity
10 under this Act.

11 “(g) An employee or Member must have, within the
12 two-year period preceding any separation from service, com-
13 pleted at least one year of creditable civilian service during
14 which he was subject to this Act before he or his survivors
15 shall be eligible for annuity under this Act based on such
16 separation. Failure to meet this service requirement shall
17 not deprive the individual or his survivors of any annuity
18 rights which attached upon a previous separation.

19 “(h) An employee who (1) has at least six years’
20 Member service and (2) has served as Member at any time
21 after August 2, 1946, shall not be allowed credit for any
22 service which is used in the computation of an annuity under
23 section 9 (c).

24 “(i) Subject to the conditions contained in this subsec-
25 tion, any employee who is serving in a position within the

1 purview of this Act at the time of his retirement or death,
2 shall be allowed credit for all periods of service performed by
3 him as a project employee (other than an employee ap-
4 pointed from relief rolls) of a Federal relief agency, or in the
5 employ of a State, or any instrumentality thereof, exclusively
6 in the carrying out of programs authorized by Act of Con-
7 gress and financed in whole or in part by Federal funds, but
8 only if—

9 “ (1) the performance of such service is certified, in
10 a form prescribed by the Civil Service Commission, by
11 the head, or by a person designated by the head, of the
12 department, agency, or independent establishment in the
13 executive branch of the Government of the United States
14 which administers the provisions of law authorizing the
15 performance of such service, or is otherwise established
16 to the satisfaction of the Commission;

17 “ (2) the employee shall have to his credit a total
18 period of not less than five years of allowable service
19 under this Act, exclusive of service allowed by this
20 subsection;

21 “ (3) the employee shall have deposited with inter-
22 est at 4 per centum per annum to December 31, 1947,
23 and 3 per centum per annum thereafter, compounded on
24 December 31 of each year, to the credit of the civil-
25 service retirement and disability fund a sum equal to the

1 aggregate of the amounts which would have been de-
2 ducted from his basic salary, pay, or compensation dur-
3 ing the period of service claimed under this subsection
4 if during such period he had been subject to this Act;

5 “(4) such period of service is excluded from credit
6 for the purposes of any annuity received by such em-
7 ployee from a State.

8 As used in this subsection the term “State” includes Alaska,
9 Hawaii, and Puerto Rico.

10 “DEDUCTIONS AND DEPOSITS

11 “SEC. 4. (a) There shall be deducted from each em-
12 ployee’s and Member’s basic salary an amount equal to 6
13 per centum of such basic salary. The amounts so deducted
14 shall, under procedure prescribed by the Comptroller Gen-
15 eral of the United States, be deposited in the Treasury of
16 the United States to the credit of the fund. There shall
17 also be so credited all deposits made by employees or
18 Members under this section.

19 “(b) Each employee or Member shall be deemed to
20 consent and agree to such deductions from basic salary, and
21 payment less such deductions shall be a full and complete
22 discharge and acquittance of all claims and demands whatso-
23 ever for all regular services during the period covered by
24 such payment, except the right to the benefits to which he

1 shall be entitled under this Act, notwithstanding any law,
2 rule, or regulation affecting the individual's salary.

3 “(c) Each employee or Member credited with civilian
4 service after July 31, 1920, for which, for any reason what-
5 soever, no retirement deductions or deposits have been made,
6 may deposit with interest an amount equal to the following
7 percentages of his basic salary received for such service:

	Percentage of basic salary	Service Period
Employee -----	2-1/2-----	August 1, 1920, to June 30, 1926
	3-1/2-----	July 1, 1926, to June 30, 1942
	5 -----	July 1, 1942, to June 30, 1948
	6 -----	After June 30, 1948
Member for Mem- ber service.	2-1/2-----	August 1, 1920, to June 30, 1926
	3-1/2-----	July 1, 1926, to June 30, 1942
	5 -----	July 1, 1942, to August 1, 1946
	6 -----	After August 1, 1946

8 “(d) Each employee or Member who has received a
9 refund of retirement deductions under this or any other
10 retirement system established for employees of the Govern-
11 ment covering service for which he may be allowed credit
12 under this Act may deposit the amount received, with
13 interest. No credit shall be allowed for the service covered
14 by the refund until the deposit is made.

15 “(e) Interest under subsection (c) or (d) shall be
16 computed from the midpoint of each service period included
17 in the computation, or from the date refund was paid, to the
18 date of deposit or commencing date of annuity, whichever is
19 earlier. The interest shall be computed at the rate of 4 per
20 centum per annum to December 31, 1947, and 3 per centum

1 per annum thereafter, compounded annually. Such deposit
2 may be made in one or more installments.

3 “(f) Under such regulations as may be prescribed by
4 the Commission, amounts deducted under subsection (a) and
5 deposited under subsections (c) and (d) shall be entered
6 on individual retirement records.

7 “(g) No deposit shall be required for any service prior
8 to August 1, 1920, for periods of military service or for any
9 service for the Panama Railroad Company prior to January
10 1, 1924.

11 “MANDATORY SEPARATION

12 “SEC. 5. (a) Except as hereinafter provided, an em-
13 ployee shall be automatically separated from the service on
14 the last day of the month in which he attains the age of
15 seventy years, and all salary shall cease from that date.

16 “(b) Each employing office shall notify each employee
17 under its direction of the date of such separation from the
18 service at least sixty days in advance thereof: *Provided*,
19 That subsection (a) shall not take effect without the con-
20 sent of the employee until sixty days after he has been so
21 notified.

22 “(c) The President may, by Executive order, exempt
23 from automatic separation under this section any employee
24 when, in his judgment, the public interest so requires.

25 “(d) The automatic separation provisions of this section

1 shall not apply to any person named in any Act of Congress
2 providing for the continuance of such person in the service, to
3 any Member, to any congressional employee, or to any em-
4 ployee in the judicial branch within the classes made subject
5 to the Civil Service Retirement Act of May 29, 1930, as
6 amended, by the Act of July 13, 1937.

7 "IMMEDIATE RETIREMENT

8 "SEC. 6. (a) Any employee who attains the age of sixty
9 years and completes thirty years of service shall, upon sepa-
10 ration from the service, be paid an annuity computed as pro-
11 vided in section 9.

12 " (b) Any employee who completes thirty years of serv-
13 ice shall, upon separation from the service prior to attainment
14 of the age of sixty years, be paid a reduced annuity computed
15 as provided in section 9.

16 " (c) Any employee the duties of whose position are
17 primarily the investigation, apprehension, or detention of
18 persons suspected or convicted of offenses against the criminal
19 laws of the United States, including any employee engaged in
20 such activity who has been transferred to a supervisory or
21 administrative position, who attains the age of fifty years and
22 completes twenty years of service in the performance of such
23 duties may, if the head of his department or agency recom-
24 mends his retirement and the Commission approves, volun-
25 tarily retire from the service, and be paid an annuity com-

1 puted as provided in section 9. The head of the department
2 or agency and the Commission shall give full consideration
3 to the degree of hazard to which such employee is subjected
4 in the performance of his duties, rather than the general
5 duties of the class of the position held by such employee.
6 The word 'detention' as used in this subsection shall be con-
7 strued to include the duties of all officers and employees in
8 the field service of the Bureau of Prisons, Federal Prison In-
9 dustries, Incorporated, and officers and employees of the Pub-
10 lic Health Service assigned to such field service, and all other
11 officers and employees of the Bureau of Prisons and Federal
12 Prison Industries, Incorporated, whose duties in connection
13 with persons in detention suspected or convicted of offenses
14 against the criminal laws of the United States, or the District
15 of Columbia, or against the punitive articles of the Uniform
16 Code of Military Justice, involve direct contact with such
17 persons in their direction, supervision, inspection, training, or
18 employment.

19 “(d) Any employee who completes twenty-five years
20 of service or who attains the age of fifty years and completes
21 twenty years of service shall upon involuntary separation
22 from the service not by removal for cause on charges of mis-
23 conduct or delinquency, be paid a reduced annuity computed
24 as provided in section 9.

25 “(e) Any employee who attains the age of sixty-two

1 years and completes five years of service shall, upon separa-
2 tion from the service, be paid an annuity computed as pro-
3 vided in section 9.

4 “(f) Any Member who attains the age of sixty-two
5 years and completes six years of Member service, or who
6 attains the age of sixty years and completes ten years of
7 Member service, shall, upon separation from the service, be
8 paid an annuity computed as provided in section 9. No
9 Member shall be entitled to receive an annuity under this
10 Act unless there shall have been deducted or deposited the
11 amounts specified in section 4 with respect to his last five
12 years of Member service.

13 “DISABILITY RETIREMENT

14 “SEC. 7. (a) Any employee who completes five years
15 of civilian service, and who is found by the Commission to
16 have become disabled shall, upon his own application or
17 upon application by his department or agency, be retired
18 on an annuity computed as provided in section 9. Any Mem-
19 ber who completes five years of Member service and who is
20 found by the Commission to have become disabled shall,
21 upon his own application, be retired on an annuity computed
22 as provided in section 9.

23 “(b) No claim shall be allowed under this section unless
24 the application is filed with the Commission prior to the sepa-

1 ration of the employee or Member from the service or within
2 one year thereafter. This time limitation may be waived by
3 the Commission for an individual who at the date of sepa-
4 ration from service or within one year thereafter is mentally
5 incompetent, if the application is filed with the Commission
6 within one year from the date of restoration of such individ-
7 ual to competency or the appointment of a fiduciary, which-
8 ever is the earlier.

9 “(c) Each annuitant retired under this section or under
10 section 6 of the Act of May 29, 1930, as amended, unless
11 his disability is permanent in character, shall at the expira-
12 tion of one year from the date of such retirement and annu-
13 ally thereafter, until reaching age sixty, be examined under
14 the direction of the Commission. If the annuitant fails to
15 submit to examination as required under this section, pay-
16 ment of the annuity shall be suspended until continuance of
17 the disability is satisfactorily established.

18 “(d) If such annuitant, before reaching age sixty, re-
19 covers from his disability or is restored to an earning capac-
20 ity fairly comparable to that in the position occupied at the
21 time of retirement, payment of the annuity shall cease (1)
22 upon reemployment by the Government, (2) one year from
23 the date of the medical examination showing such recovery,
24 or (3) one year from the date of determination that he is
25 so restored, whichever is earliest. Earning capacity shall

1 be deemed restored if in each of two succeeding calendar
2 years the income of the annuitant from wages or self-em-
3 ployment or both shall equal at least 80 per centum of his
4 salary immediately prior to retirement.

5 “(e) If such annuitant whose annuity is discontinued
6 under subsection (d) is not reemployed in any position in-
7 cluded in the provisions of this Act, he shall be considered,
8 except for service credit, as having been involuntarily sepa-
9 rated from the service for the purposes of this Act as of the
10 date of discontinuance of the disability annuity and shall,
11 after such discontinuance, be entitled to annuity in accord-
12 ance with the applicable provision of this Act.

13 “(f) No person shall be entitled to receive an annuity
14 under this Act and compensation for injury or disability to
15 himself under the Federal Employees’ Compensation Act of
16 September 7, 1916, as amended, covering the same period
17 of time. This provision shall not bar the right of any claim-
18 ant to the greater benefit conferred by either Act for any
19 part of the same period of time. Neither this provision nor
20 any provision in such Act of September 7, 1916, as amended,
21 shall deny to any person an annuity accruing to such person
22 under this Act on account of service rendered by him, or
23 deny any concurrent benefit to such person under such Act
24 of September 7, 1916, as amended, on account of the death
25 of any other person.

1 “(g) Notwithstanding any provision of law to the con-
2 trary, the right of any person entitled to an annuity under
3 this Act shall not be affected because such person has received
4 an award of compensation in a lump sum under section 14
5 of the Act of September 7, 1916, as amended, except that
6 where such annuity is payable on account of the same dis-
7 ability for which compensation under such section has been
8 paid, so much of such compensation as has been paid for
9 any period extended beyond the date such annuity becomes
10 effective, as determined by the Department of Labor, shall
11 be refunded to the Department of Labor, to be covered into
12 the Federal Employees’ Compensation Fund. Before such
13 person shall receive such annuity he shall (1) refund to such
14 Department the amount representing such commuted pay-
15 ments for such extended period, or (2) authorize the deduc-
16 tion of such amount from the annuity payable to him under
17 this Act, which amount shall be transmitted to such Depart-
18 ment for reimbursement to such fund. Deductions from such
19 annuity may be made from accrued and accruing payments,
20 or may be prorated against and paid from accruing payments
21 in such manner as the Department of Labor shall determine,
22 whenever it finds that the financial circumstances of the
23 annuitant are such as to warrant such deferred refunding.

1 "DEFERRED RETIREMENT

2 "SEC. 8. (a) Any employee who is separated from the
3 service after completing five years of civilian service may be
4 paid an annuity beginning at the age of sixty-two years com-
5 puted as provided in section 9.

6 "(b) Any Member who is separated from the service
7 after completing six years of Member service may be paid
8 an annuity beginning at the age of sixty-two years computed
9 as provided in section 9.

10 "COMPUTATION OF ANNUITY

11 "SEC. 9. (a) Except as otherwise provided in this sec-
12 tion, the annuity of an employee retiring under this Act shall
13 be the larger of (1) 2 per centum of the average salary mul-
14 tiplied by the total service, or (2) 1 per centum of the aver-
15 age salary, plus \$25, multiplied by the total service: *Pro-*
16 *vided*, That the annuity shall not exceed 75 per centum of the
17 average salary: *Provided further*, That the annuity of an
18 employee retiring under section 7 shall be at least (1) 40
19 per centum of the average salary of (2) the sum obtained
20 under this subsection after increasing his total service by the
21 period elapsing between the date of separation and the date
22 he attains the age of seventy years, whichever is the lesser,
23 but this proviso shall not increase the annuity of any survivor.

1 (b) The annuity of a congressional employee retiring
 2 under this Act shall, if he so elects at the time his annuity
 3 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
 4 multiplied by his military service and service as a congres-
 5 sional employee, not exceeding a total of fifteen years, plus
 6 (2) 2 per centum of the average salary multiplied by the
 7 remainder of his total service: *Provided*, That the annuity
 8 shall not exceed 75 per centum of the average salary. This
 9 subsection shall not apply unless the congressional employee
 10 (1) has had at least five years' service as a congressional
 11 employee (2) has had deductions withheld from his salary
 12 or made deposit covering his last five years of civilian serv-
 13 ice, and (3) has served as a congressional employee during
 14 the last eleven months of his civilian service: *Provided*
 15 *further*, That the annuity of a congressional employee retir-
 16 ing under section 7 shall be at least (1) 40 per centum of
 17 the average salary or (2) the sum obtained under this sub-
 18 section after increasing his service as a congressional em-
 19 ployee by the period elapsing between the date of separation
 20 and the date he attains the age of seventy years, whichever
 21 is the lesser, but this provision shall not increase the annuity
 22 of any survivor.

23 “(c) The annuity of a Member retiring under this Act
 24 shall be an amount equal to—

25 “(1) $2\frac{1}{2}$ per centum of the average salary multi-

plied by the total of his Member and creditable military service;

“(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude; and

“(3) 2 per centum of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1) and (2), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 75 per centum of the average salary, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of seventy years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d), shall be reduced by one-twelfth of 1 per centum for each full month

1 not in excess of thirty, one-eighth of 1 per centum for each
2 full month in excess of thirty but not in excess of sixty, and
3 one-sixth of 1 per centum for each full month in excess of
4 sixty, such employee is under the age of sixty years at date
5 of separation.

6 “(e) The annuity as hereinbefore provided shall be
7 reduced by 10 per centum of any deposit described in section
8 4 (c) remaining unpaid.

9 “(f) Any employee or Member retiring under section
10 6, 7, or 8 may at the time of retirement elect a reduced
11 annuity, in lieu of the annuity as hereinbefore provided, and
12 designate in writing his wife or her husband to receive an
13 annuity after the retired individual's death computed as
14 provided in section 10 (a) (2). The annuity of the
15 employee or Member making such election, shall be reduced
16 by 10 per centum of so much thereof as exceeds \$4,000.

17 “(g) Any unmarried employee or Member retiring
18 under section 6 or 8, and found by the Commission to be in
19 good health, may at the time of retirement elect a reduced
20 annuity, in lieu of the annuity as hereinbefore provided, and
21 designate in writing a person having an insurable interest
22 in the employee or Member to receive an annuity after the
23 retired individual's death. The annuity payable to the
24 employee or Member making such election shall be reduced
25 by 10 per centum of an annuity computed as provided in

1 section 9 and by 5 per centum of an annuity so computed
2 for each full five years the person designated is younger
3 than the retiring employee or Member, but such total
4 reduction shall not exceed 40 per centum.

5 “(h) The annuity as hereinbefore provided, for an
6 employee who is a citizen of the United States, shall be
7 increased by \$36 multiplied by total service in the employ
8 of either the Alaska Engineering Commission or The Alaska
9 Railroad in the Territory of Alaska between March 12, 1914,
10 and July 1, 1923, or in the employ of either the Isthmian
11 Canal Commission or the Panama Railroad Company on
12 the Isthmus of Panama between May 4, 1904, and April 1,
13 1914.

14 “SURVIVOR ANNUITIES

15 “SEC. 10. (a) (1) If a Member or employee dies after
16 having retired under any provision of this Act and is sur-
17 vived by a widow or widower, such widow or widower shall
18 be paid an annuity equal to (1) 50 per centum of so much
19 of an annuity computed as provided in subsections (a), (b),
20 (c), (d), and (e) of section 9, as may apply with respect
21 to the annuitant, as does not exceed \$4,000.

22 “(2) If a Member or employee dies after having retired
23 under any provision of this Act and is survived by a widow
24 or widower designated under section 9 (f) such widow or
25 widower shall be paid an annuity (in addition to any annuity

1 payable under paragraph (1)) equal to 50 per centum of
2 so much of an annuity computed as provided in subsections
3 (a), (b), (c), (d), and (e) of section 9, as may apply
4 with respect to the annuitant, as exceeds \$4,000.

5 “(3) An annuity computed under this subsection shall
6 begin on the first day of the month in which the retired em-
7 ployee dies, and such annuity or any right thereto shall ter-
8minate upon the survivor’s death or remarriage.

9 “(b) The annuity of a survivor designated under sec-
10 tion 9 (g) shall be 50 per centum of the reduced annuity
11 computed as provided in subsections (a), (b), (c), (d),
12 (e), and (g) of section 9 as may apply with respect to the
13 annuitant. The annuity of such survivor shall begin on the
14 first day of the month in which the retired employee dies,
15 and such annuity or any right thereto shall terminate upon
16 the survivor’s death.

17 “(c) If an employee dies after completing at least five
18 years of civilian service, or a Member dies after completing
19 at least five years of Member service, the widow or depend-
20 ent widower of such employee or Member shall be paid an
21 annuity equal to 50 per centum of an annuity computed as
22 provided in subsections (a), (b), (c), and (e) of section
23 9 as may apply with respect to the employee or Member.
24 The annuity of such widow or dependent widower shall
25 begin on the first day of the month after the employee or

1 annuitant dies, and such annuity or any right thereto shall
2 terminate upon death or remarriage of the widow or wid-
3 ower, or upon the widower's becoming capable of self-sup-
4 port.

5 “(d) If an employee dies after completing five years
6 of civilian service or a Member dies after completing five
7 years of Member service, or an employee or Member dies
8 after having retired under any provision of the Act, and is
9 survived by a widow or dependent widower, each surviving
10 child shall be paid an annuity equal to the smallest of (1)
11 25 per centum of an annuity computed as provided in sub-
12 sections (a), (b), (c), and (e) of section 9 as may apply
13 with respect to the employee or Member, (2) \$1,200
14 divided by the number of such children, or (3) \$480. If
15 such employee or Member is not survived by a widow or
16 dependent widower, each surviving child shall be paid an
17 annuity equal to the smallest of (1) 50 per centum of an
18 annuity computed as provided in subsections (a), (b), (c),
19 and (e) of section 9 as may apply with respect to the em-
20 ployee or Member, (2) \$1,600 divided by the number of
21 such children, or (3) \$640. The child's annuity shall be-
22 gin on the first day of the month after the employee or
23 Member dies, and such annuity or any right thereto shall
24 terminate upon (1) his attaining age eighteen unless in-
25 capable of self-support, (2) his becoming capable of self-

1 support after age eighteen, (3) his marriage, or (4) his
2 death. Upon the death of the widow or dependent widower
3 or termination of the annuity of the child, the annuity of
4 any other child or children shall be recomputed and paid as
5 though such widow, dependent widower, or child had not
6 survived the employee or Member.

7 "LUMP-SUM BENEFITS

8 "SEC. 11. (a) Any employee who is separated or
9 transferred to a position not within the purview of this Act
10 after he has completed five but less than twenty years of
11 service, and any Member who is separated or transferred to
12 a position not within the purview of this Act after he has
13 completed six but less than twenty years of Member service,
14 shall upon application therefor be paid the lump-sum credit.
15 Any employee who is separated or transferred to a position
16 not within the purview of this Act before he has completed
17 five years' service, and any Member who is separated or
18 transferred to a position not within the purview of this Act
19 before he has completed six years of Member service, shall
20 be paid the lump-sum credit. The receipt of payment of the
21 lump-sum credit by the individual shall void all annuity
22 rights under this Act, unless and until he shall be reemployed
23 in the service subject to this Act.

24 "(b) Each present or former employee or Member may,

1 under regulations prescribed by the Commission, designate a
2 beneficiary or beneficiaries for the purposes of this Act.

3 “(c) Lump-sum benefits authorized under subsections
4 (d), (e), and (f) of this section shall be paid in the follow-
5 ing order of precedence to such person or persons surviving
6 the employee or Member and alive at the date title to the
7 payment arises, and such payment shall be a bar to recovery
8 by any other person:

9 “First, to the beneficiary or beneficiaries designated by
10 the employee or Member in a writing received in the Com-
11 mission prior to his death;

12 “Second, if there be no such beneficiary, to the widow
13 or widower of the employee or Member;

14 “Third, if none of the above, to the child or children of
15 the employee or Member and descendants of deceased chil-
16 dren by representation;

17 “Fourth, if none of the above, to the parents of the
18 employee or Member or the survivor of them;

19 “Fifth, if none of the above, to the duly appointed
20 executor or administrator of the estate of the employee or
21 Member.

22 “Sixth, if none of the above, to other next of kin of the
23 employee or Member as may be determined by the Commis-
24 sion to be entitled under the laws of the domicile of the
25 individual at the time of his death.

1 “(d) If a present or former employee or Member not
2 retired dies (1) without a survivor, or (2) with a survivor
3 or survivors and the right of all survivors shall terminate
4 before claim for survivor annuity is filed, the lump-sum
5 credit shall be paid.

6 “(e) If all annuity rights under this Act based on the
7 service of a deceased employee or Member shall terminate be-
8 fore the total annuity paid equals the lump-sum credit, the
9 difference shall be paid.

10 “(f) If an annuitant dies, any annuity accrued and un-
11 paid shall be paid.

12 “(g) Any annuity accrued and unpaid upon the termi-
13 nation (other than by death) of the annuity of any annuitant
14 or survivor annuitant shall be paid to such person. Any
15 survivor annuity accrued and unpaid upon the death of any
16 survivor annuitant shall be paid in the following order of
17 precedence, and such payment shall be a bar to recovery by
18 any other person:

19 “First, to the duly appointed executor or administrator
20 of the estate of the survivor annuitant;

21 “Second, if there is no such executor or administrator,
22 payment may be made, after the expiration of thirty days
23 from the date of death of such survivor annuitant, to such
24 next of kin of the survivor annuitant as may be determined

1 by the Commission to be entitled under the laws of the
2 survivor annuitant's domicile at the time of his death.

3 "ADDITIONAL ANNUITIES

4 "SEC. 12. (a) Any employee or Member may, under
5 regulations prescribed by the Commission, voluntarily con-
6 tribute additional sums in multiples of \$25, but the total
7 may not exceed 10 per centum of his basic salary for his
8 creditable service from and after August 1, 1920. The
9 voluntary contribution account in each case shall be the
10 sum of such unrefunded contributions, plus interest at 3
11 per centum per annum compounded annually to date of
12 separation or transfer to a position not within the purview
13 of this Act or, in case of an individual who is separated
14 with title to a deferred annuity and does not claim the
15 voluntary contribution account, to the commencing date fixed
16 for such deferred annuity or date of death whichever is
17 earlier.

18 "(b) Such voluntary contribution account shall be used
19 to purchase at retirement an annuity in addition to the
20 annuity otherwise provided. For each \$100 in such volun-
21 tary contribution account, the additional annuity shall con-
22 sist of \$7, increased by 20 cents for each full year, if any,
23 such employee or Member is over the age of fifty-five years
24 at the date of retirement.

1 “(c) A retiring employee or Member may elect a
2 reduced additional annuity in lieu of the additional annuity
3 described in subsection (b) and designate in writing a
4 person to receive after his death an annuity of 50 per centum
5 of his reduced additional annuity. The additional annuity
6 of the employee or Member making such election shall be
7 reduced by 10 per centum, and by 5 per centum for each
8 full five years the person designated is younger than the
9 retiring employee or Member, but such total reduction shall
10 not exceed 40 per centum.

11 “(d) Any employee or Member who is separated from
12 the service before becoming eligible for immediate or de-
13 ferred annuity or who transfers to a position wherein he
14 does not continue subject to this Act shall be paid the
15 voluntary contribution account. Any employee or Member
16 who is separated from the service after becoming eligible
17 for a deferred annuity under section 8 may elect to receive,
18 in lieu of additional annuity, the voluntary contribution
19 account, provided his separation occurs and application for
20 payment is filed with the Commission at least thirty-one
21 days before the commencing date of annuity.

22 “(e) If any present or former employee or Member
23 not retired dies, the voluntary contribution account shall be
24 paid under the provisions of section 11 (c). If all addi-
25 tional annuities or any right thereto based on the voluntary

1 contribution account of a deceased employee or Member
2 terminate before the total additional annuity paid equals such
3 account, the difference shall be paid under the provisions
4 of section 11 (c).

5 "REEMPLOYMENT OF ANNUITANTS

6 "SEC. 13. (a) Notwithstanding any other provision of
7 law, an annuitant under this Act shall not, by reason of his
8 retired status, be barred from employment in any appointive
9 position for which he is qualified. An annuitant so reem-
10 ployed shall serve at the will of the appointing officer.

11 "(b) If an annuitant under this Act other than (1) a
12 disability annuitant whose annuity is terminated by reason
13 of his recovery or restoration of earning capacity, or (2) a
14 Member retired under this Act, is employed in an appointive
15 or elective position subject to this Act, annuity payments
16 shall be discontinued during such employment and deduc-
17 tions for the retirement fund shall be withheld from his
18 salary. If such annuitant performs actual full-time service
19 for a period of at least one year, his right to future annuity
20 shall be determined upon the basis of the law in effect at the
21 time of termination of such period of employment and service
22 performed during such period shall be credited for such pur-
23 pose. If such annuitant does not perform actual full-time
24 service for a period of at least one year, his annuity pay-
25 ments shall be resumed in the same amount and amounts

1 deducted from his salary during such period of employment
2 shall be returned upon the expiration of such period.

3 “(c) If a Member retired under this Act is employed
4 in an appointive or elective position, annuity payments shall
5 be discontinued during such employment and resumed in
6 the same amount upon termination of such employment:
7 *Provided*, That if such retired Member takes office as Mem-
8 ber and gives notice as provided in section 2 (c), his service
9 as Member during such period shall be credited in determin-
10 ing his right to and the amount of his subsequent annuity.

11 “PAYMENT OF BENEFITS

12 “SEC. 14. (a) Each annuity is stated as an annual
13 amount, one-twelfth of which, fixed at the nearest dollar,
14 accrues monthly and is payable on the first business day of
15 the month after it accrues.

16 “(b) Except as otherwise provided, the annuity of an
17 employee shall commence on the first of the month after
18 separation from the service, or on the first of the month after
19 salary ceases provided the employee meets the service and
20 the age or disability requirements for title to annuity at that
21 time. The annuity of a Member or of an elected officer of
22 the Senate or House of Representatives shall commence on
23 the day following the day on which salary shall cease pro-
24 vided the person entitled to such annuity meets the service
25 and the age or disability requirements for title to annuity at

1 that time. The annuity of an employee or Member under
2 section 8 shall commence on the first of the month after
3 the occurrence of the event on which payment of the annuity
4 is based.

5 “(c) An annuity shall terminate on the last day of the
6 month preceding the month in which death or any other
7 terminating event provided in this Act occurs.

8 “(d) Any person entitled to annuity from the fund may
9 decline to accept all or any part of such annuity by a waiver
10 signed and filed with the Commission. Such waiver may be
11 revoked in writing at any time, but no payment of the
12 annuity waived shall be made covering the period during
13 which such waiver was in effect.

14 “(e) Where any payment is due a minor, or a person
15 mentally incompetent or under other legal disability, such
16 payment may be made to the person who is constituted guard-
17 ian or other fiduciary by the law of the State of residence
18 of such claimant or is otherwise legally vested with the care
19 of the claimant or his estate: *Provided*, That where no guard-
20 ian or other fiduciary of the person under legal disability
21 has been appointed under the laws of the State of residence
22 of the claimant, payment may be made to any person who in
23 the judgment of the Commission is responsible for the care
24 of the claimant, and such payment shall be a bar to recovery
25 by any other person.

1 “EXEMPTION FROM LEGAL PROCESSES

2 “SEC. 15. (a) None of the moneys mentioned in this
3 Act shall be assignable, either in law or equity, or be subject
4 to execution, levy, attachment, garnishment, or other legal
5 process.

6 “(b) Notwithstanding any other provision of law, there
7 shall be no recovery of any payments under this Act from
8 any person when, in the judgment of the Commission, such
9 person is without fault and such recovery would be contrary
10 to equity and good conscience; nor shall there be any with-
11 holding of recovery of any moneys mentioned in this Act on
12 account of any certification or payment made by any former
13 employee of the United States in the discharge of his official
14 duties unless the head of the department or agency on behalf
15 of which the certification or payment was made certifies to
16 the Commission that such certification or payment involved
17 fraud on the part of such employee.

18 “ADMINISTRATION

19 “SEC. 16. (a) This Act shall be administered by the
20 Commission. Except as otherwise specifically provided
21 herein, the Commission is hereby authorized and directed to
22 perform, or cause to be performed, any and all acts and to
23 make such rules and regulations as may be necessary and
24 proper for the purpose of carrying the provisions of this
25 Act into full force and effect.

1 “(b) Applications under this Act shall be in such form
2 as the Commission shall prescribe, and shall be supported by
3 such certificates from departments or agencies as the Com-
4 mission may deem necessary to the determination of the
5 rights of applicants. The Commission shall adjudicate all
6 claims under this Act.

7 “(c) Questions of dependency and disability arising
8 under this Act shall be determined by the Commission and
9 its decisions with respect to such matters shall be final and
10 conclusive and shall not be subject to review. The Com-
11 mission may order or direct at any time such medical or
12 other examinations as it shall deem necessary to determine
13 the facts relative to the disability or dependency of any
14 person receiving or applying for annuity under this Act,
15 and may suspend or deny any such annuity for failure to
16 submit to any such examination.

17 “(d) An appeal to the Commission shall lie from any
18 administrative action or order affecting the rights or interests
19 of any person or of the United States under this Act, the
20 procedure on appeal to be prescribed by the Commission.

21 “(e) Fees for examinations made under the provisions
22 of this Act, by physicians or surgeons who are not medical
23 officers of the United States, shall be fixed by the Commis-
24 sion, and such fees, together with reasonable traveling and
25 other expenses incurred in connection with such examinations,

1 shall be paid out of the appropriations for the cost of adminis-
2 tering this Act.

3 “(f) The Commission shall publish an annual report
4 upon the operations of this Act.

5 “(g) The Commission is hereby authorized and directed
6 to select three actuaries, to be known as the Board of Actu-
7 aries of the Civil Service Retirement System. It shall be the
8 duty of such Board to report annually upon the actuarial
9 status of the system and to furnish its advice and opinion
10 on matters referred to it by the Commission, and it shall have
11 the authority to recommend to the Commission and to the
12 Congress such changes as in the Board’s judgment may be
13 deemed necessary to protect the public interest and maintain
14 the system upon a sound financial basis. The Commission
15 shall keep or cause to be kept such records as it deems neces-
16 sary for making periodic actuarial valuations of the Civil
17 Service Retirement System, and the Board shall make such
18 valuations at intervals of five years, or oftener if deemed
19 necessary by the Commission. The compensation of the
20 members of the Board of Actuaries, exclusive of such
21 members as are in the employ of the United States, shall
22 be fixed by the Commission.

23 “SHORT TITLE

24 “SEC. 17. This Act may be cited as the ‘Civil Service
25 Retirement Act’.”

1 SEC. 2. (a) On and after the effective date of this Act
2 persons employed as members of the civilian faculties of the
3 United States Naval Academy and the United States Naval
4 Postgraduate School shall be included within the terms of
5 the Civil Service Retirement Act, and on and after that
6 date the Act of January 16, 1936 (49 Stat. 1092), as
7 amended, shall not apply to such persons.

8 (b) In lieu of the deposit prescribed by section 4 (c)
9 of the Civil Service Retirement Act, an employee who by
10 virtue of subsection (a) is included within the terms of
11 such Act shall deposit, for service rendered prior to the
12 effective date of this Act as a member of the civilian faculty
13 of the United States Naval Academy or of the United States
14 Naval Postgraduate School, a sum equal to so much of the
15 repurchase price of his annuity policy carried as required
16 by the Act of January 16, 1936, as amended, as is based
17 on the monthly allotments which were registered with the
18 Navy Allotment Office toward the purchase of that annuity,
19 the deposit to be made within six months after the effective
20 date of this Act. Should the deposit not be made within
21 that period no credit shall be allowed under the Civil Service
22 Retirement Act for service rendered as a member of the
23 civilian faculty of the United States Naval Academy or of
24 the United States Naval Postgraduate School subsequent to
25 July 31, 1920, and prior to the effective date of this Act.

1 SEC. 3. The amendment approved September 30, 1949
2 (Public Law 310, Eighty-first Congress), to section 4 (b)
3 of the Civil Service Retirement Act of May 29, 1930, as
4 amended, insofar as it relates to the amount of the reduction
5 in the annuities of officers and employees who elect to re-
6 ceive reduced annuities under such section, shall take effect
7 as of April 1, 1948, but no increase in annuity shall be
8 payable by reason of such amendment, to those who retired
9 on or after April 1, 1948, and prior to October 1, 1949, for
10 any period prior to the first day of the first month which
11 begins after the effective date of this Act.

12 CONTINUATION OF PRIOR RIGHTS

13 SEC. 4. Except as otherwise provided, the amendments
14 made by this Act shall not apply in the case of employees or
15 Members retired or otherwise separated prior to its effective
16 date, and the rights of such persons and their survivors shall
17 continue in the same manner and to the same extent as if
18 this Act had not been enacted.

19 EFFECTIVE DATE

20 SEC. 5. This Act shall take effect on January 1, 1957.

21 SHORT TITLE

SEC. 6. This Act may be cited as the "Civil Service Retirement Act Amendments of 1956."

A BILL

To revise the Civil Service Retirement Act.

By Mr. JOHNSTON of South Carolina

JANUARY 9, 1956

Read twice and referred to the Committee on Post
Office and Civil Service

16. FORESTS. Sen. Bennett inserted a newspaper article urging appropriations for an 8-year program to expand and maintain recreation facilities on the national forests. p. A2470
Del. Bartlett inserted a newspaper editorial suggesting that a solution to the newsprint shortage might be the virgin forests of Alaska, urging development of timber resources, and the granting of Alaskan control of their fisheries. p. A2487
17. PERSONNEL. Rep. Withrow commended and inserted Joel Lundeen's speech discussing civil-service retirement legislation and analyzing the provisions of S. 2875, to revise and amend the Civil Service Retirement Act. p. A2471
18. PRICE SUPPORTS. Rep. Widnall inserted the results of a nationwide survey by newspapers on the farm problem, "Don't Return To Rigid Price Supports For Farmers, Country Editors Warn." p. A2472
19. FOREIGN TRADE. Rep. Jensen inserted the testimony of Carl H. Wilken, Economic Analyst, before the House Ways and Means Committee on H. R. 5550, to amend the Tariff Act of 1930 with respect to the administration of the GATT, stating that the failure to maintain our farm production and farm prices was "primarily due to the gross understanding of the importance of farm income in our national economy" and that "most of the leading economists in Government and business almost completely ignore the agricultural segment of our economy." p. A2474
20. TRANSPORTATION. Speech in the House of Rep. Andersen during consideration of the independent offices appropriation bill stating that "I do not think this is the time to give ICC a single dime additional in view of what they did to the farmers of the Nation last week when they approved an increase of 5% in freight rates on agricultural commodities, against the opposition of Secretary Benson..." p. A2487
21. FOREIGN AID. Rep. Harvey inserted a newspaper article, "Let's Cut It Down To Size," favoring a reduction in foreign aid spending. p. A2481
22. SURPLUS COMMODITIES. Extension of remarks of Rep. Budge refuting the statement of Gov. Orville Freeman that there was "no farm surplus whatever" up to the time the Eisenhower administration went into office and inserting USDA information on this subject. p. A2500
23. BUDGETING; ACCOUNTING. Rep. Lipscomb inserted an address by Comptroller General Campbell emphasizing the need for greater recognition of the professional character of the work being carried on by accountants in the Federal Government, and stressing the necessity for putting into effect certain recommendations of the Hoover Commission. p. A2464
24. WILDLIFE. Rep. Reuss inserted two resolutions adopted by the Nat'l Wildlife Federation expressing concern felt by all conservationists at the "current threats to our national wildlife refuges." p. A2488
25. RECLAMATION. Extension of remarks of Rep. Hosmer criticizing the proposed upper Colorado River project which will put into production acres of land at the same time this Department is trying to reduce acreage. p. A2499

BILLS INTRODUCED

26. PERSONNEL. H. R. 10059, by Rep. Davis, Ga., and H. R. 10073, by Rep. Madden, "to revise the Civil Service Retirement Act"; to Post Office and Civil Service Committee.

27. FORESTS; ROADS. H. R. 10066, by Rep. Green, Ore., to authorize the appropriation of funds for carrying out provisions of section 23 of the Federal Highway Act, to enable the Secretary of Agriculture to construct and maintain timber access roads, to permit maximum economy in harvesting national forest timber; to Public Works Committee.
28. POTATOES. H. R. 10068, by Rep. Hagen, relating to the quality requirements for, and the inspection, certification, and labeling of Irish potatoes; to Agriculture Committee.
29. ROADS. H. R. 10074, by Rep. Magnuson, to amend the Federal-Aid Highway Act of 1944 to provide for an addition to the national system of interstate highways; to Public Works Committee.
30. FARM CREDIT. H. R. 10080, by Rep. Reuss, to provide for payment by the Secretary of the Treasury of the unpaid balance due on defaulted joint stock land bank bonds under the supervision and direction of the Farm Credit Administration; to Judiciary Committee.
31. FOREIGN AID. H. R. 10082, by Rep. Richards, to amend further the Mutual Security Act of 1954, as amended; to Foreign Affairs Committee.
32. TEXTILES. H. R. 10083, by Rep. Roberts, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products; to Interstate and Foreign Commerce Committee.
33. WATER; MINERALS. H. J. Res. 588, by Rep. Rogers, Tex., proposing an amendment to the Constitution with respect to the power of the States to conserve and regulate the exploration, production, and distribution of their petroleum products, water, sulfur and all other minerals and natural resources; to Judiciary Committee.
34. FOREST COMPACT. H. R. 10084, by Rep. Rodino, granting the consent and approval of Congress to the Middle Atlantic interstate forest-fire protection compact; to Agriculture Committee.

PRINTED HEARINGS RECEIVED IN THIS OFFICE

35. LIVESTOCK AND MEATS. Meat Purchase Program. House Agriculture Committee.
36. ELECTRIFICATION. S. Res. 61, relating to investigation concerning the charges of monopolistic influences in the power industry. The Dixon-Yates Contract. Parts I and II. Senate Judiciary Committee.
37. ECONOMIC REPORT. January 1956 Economic Report of the President. Joint Committee on the Economic Report.
38. FOREIGN TRADE. H. R. 9052, relating to the regulation of exports. House Banking and Currency Committee.
39. INFORMATION. S. 3116 and S. 3172, to provide for the promotion and strengthening of international relations through cultural and athletic exchanges and participation in international fairs and festivals. Senate Foreign Relations Committee.

Certainly the need for additional facilities cannot be argued. In the 1930's when most building was done, total visits to the national forests ran from 8 million to a high of 14½ million in 1938. Last year, 45 million jammed facilities that not only have not been generally improved since 1940, but have actually deteriorated.

Perhaps no other State has been harder hit than Utah in this respect, as anyone who has tried to find camping or picnic facilities in Wasatch front canyons can well imagine. Utah ranks third, behind only California and Colorado, in the number of recreation visits to its national forests.

Well then, it might be argued let Utah take care of those forests and provide recreation facilities in them. But that represents an over-simplification in thinking, too. These are national forests; a fourth of the visitors on them, in Utah, at least, are from out of State. It is a national problem.

It may well be that some sort of partnership arrangement could be worked out whereby nearby cities and counties could help share in the burden in proportion to the recreational use of the forests by local people. Congressman CLIFFORD G. MCINTIRE, of Maine, has introduced a bill aiming in that direction. Certainly the intent of his bill, that private and public agencies and individuals should be allowed to enter into cooperative agreements with the Forest Service to make needed improvements, is worthwhile and Congress should study carefully ways and means to put it into effect.

But meanwhile, Congress must lose no time in shutting the doors of waste and neglect before it is late beyond recall.

The Indian Problem

EXTENSION OF REMARKS

OF

HON. E. Y. BERRY

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 1956

Mr. BERRY. Mr. Speaker, under leave to extend my remarks in the RECORD, I am inserting an editorial from the *Mo-bridge (S. Dak.) Tribune*, under date of March 15, 1956. Editor L. L. Coleman has done an outstanding job of discussing the so-called Indian problem:

THE INDIAN PROBLEM

Most South Dakotans recognize the fact that there is an Indian problem, but exactly what it is, and what is to be done toward solving the dilemma that faces the Sioux brings disagreement. Most local people are familiar with the poor living conditions on the reservations in the Dakotas, and acknowledge that the Sioux are being assimilated into the way of life typical of most other Americans only at snail's pace. And there are some who question the wisdom of the Indian deserting his old traditions to become part and parcel with the white community.

The problem goes back a hundred years, when the white man decided it would be better to buy the Indians than to fight them. Hundreds of treaties with the Indians have been made by the United States Government, and in every Congress scores of new laws are introduced with the objective of improving the lot of the Indian.

Education is the solution to the problems of the Indian, and if the red man is to compete with the white man in today's complicated commercial life, he must have the same

advantages in know-how that hundreds of generations have brought for those who came to this country and drove them from the lands where they had lived in primitive fashion.

Indians on Cheyenne River and Standing Rock Reservations are about to face the greatest opportunity they have ever enjoyed with millions of dollars to be paid by the Federal Government for their lands that will be inundated by the Oahe Reservoir and more millions for rehabilitation and resettling of these latest victims of the white man's march ahead. A generous part of this money will be used for education of the younger generation now living on the reservation and attending Indian schools.

There will always be drunken Indians, just as there will always be drunken white men. Some will be guilty of crimes, and others will invariably be shiftless. But if they will substitute the customs that fit into the pattern of modern life in the United States for those of their forebears, it will be possible to solve the Indian problem within the next 2 or 3 generations.

Civil Service Retirement Legislation

EXTENSION OF REMARKS

OF

HON. GARDNER R. WITHROW

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 1956

Mr. WITHROW. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a speech delivered by Joel J. J. Lundeen on civil-service retirement legislation at Minneapolis on March 12, 1956.

Mr. Lundeen has been an official in the National Postal Transport Association for more than 20 years. He has made a very extensive study of retirement legislation. You may be interested to know that Mr. Lundeen is the brother of the late Senator Ernest Lundeen, who served in the Senate with distinction for many years prior to his sudden death in an airplane crash.

In this analysis, Mr. Lundeen has not only discussed clearly how antiquated our civil-service laws have become, but also stresses the fact that serious attention must be given to those who are on the rolls of the retired and receive an annuity based on formulas that are long since antiquated as a result of inflationary trends.

I commend this speech to the Members of the Congress as it contains valuable information:

RETIREMENT LEGISLATION

Many bills have been introduced in the Congress to liberalize retirement for those who will retire in the future, and to increase the annuities of those already upon the retired rolls, and also for the widows of those employees who died prior to 1948.

The Congress authorized a committee, known as the Kaplan committee, to study the retirement question. This committee recommends that our Federal retirement be merged with social security. However, all postal unions have taken a positive stand in opposition to this recommendation, and are in support of S. 2875, introduced by Senator JOHNSTON, chairman of the Senate Post Office and Civil Service Committee. Many identical

bills have also been introduced in the House. S. 2875 provides the following improvements:

1. Under existing law only an employee retiring on an immediate annuity can elect a joint and survivorship annuity. S. 2875 extends this right to employees receiving a deferred annuity.

2. Under existing law the election of a joint and survivorship annuity by an unmarried annuitant carries a reduction of 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee, except that the reduction for the 5-year span between 25 and 30 years is 10 percent. S. 2875 removes this inequity making the reduction for the joint and survivorship annuity 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee with a maximum reduction of 40 percent.

3. Under existing law an automatic annuity equal to 50 percent of the employee's earned annuity is paid to the widow of an employee who dies after 5 years of civilian service. S. 2875 continues the same provision and also extends similar benefits to widowers of employees but requires that the surviving widower must be a dependent widower to be eligible for such annuity. Annuities to spouses under this provision terminate upon the death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

4. Under existing law no annuitant may be reappointed to any Government position after attaining age 60 unless the appointing authority determines that he has special qualifications. S. 2875 provides that annuitant may be reemployed. If annuitant is reemployed in a position subject to the Retirement Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund withheld from his salary. It provides further that if the former annuitant performs actual full-time service for a period of at least 1 year, his right to future annuities shall be redetermined. If the annuitant does not perform actual full-time service for at least a year his annuity payments are resumed without change and the deductions made from his salary for the retirement fund during such period are refunded to him.

5. Under existing law, an employee who completes 5 years of civilian service may be retired due to disability. However, he cannot be retired due to disability if he is eligible for immediate retirement by reason of age and length of service. Thus, a situation exists under which departments may separate employees who become disabled before reaching retirement age, but cannot separate disabled employees who have attained retirement age. S. 2875 corrects this injustice.

6. Under existing law, the annuity of a disabled annuitant who recovers before reaching age 60 is discontinued. S. 2875 provides that if the earning capacity of such an annuitant is restored to a level fairly comparable to that which he had prior to retirement, his annuity shall be discontinued even though he has not attained complete recovery from a medical viewpoint.

7. Under existing law, if a disability annuitant recovers and is unable to obtain reemployment or for any other reason does not return to service under the act, he is considered as having been separated from service as of the date of his retirement for disability and entitled only to a deferred annuity at age 62. S. 2875 modifies this provision so that a disability annuitant who recovers or is restored to earning capacity before he attains age 60 will be considered (except for service credit) as having been involuntarily separated from the service upon termination of the disability annuity. This change would permit the granting of

immediate annuity if the employee is otherwise entitled.

8. Under existing law, if employee has failed to make deposit (with interest) covering service when no deductions were withheld, the annuity otherwise due is reduced by one-tenth of the amount of the required deposit, unless he elects to eliminate the service from credit. S. 2875 removes the option to eliminate nondeductible service.

9. Under existing law, an employee retiring on an immediate annuity with at least 15 years of service may elect a joint and survivorship annuity in favor of the surviving wife or husband. S. 2875 changes the 15-year requirement to 5 years.

10. Under existing law, lump-sum payments include retirement deductions and interest on such deductions to the date of separation, or to date of entitlement to a deferred annuity, or date of death, whichever is earlier, except that no interest accrues if the service covered thereby aggregates 1 year or less. S. 2875 provides that there will be no interest after December 31, 1956, on the theory that to provide the protection afforded by the act and at the same time allow interest on deposits made for the purpose of obtaining protection amounts to dual benefits unwarranted by the circumstances. Accordingly, S. 2875 merely provides for a refund of deposits (without interest) to employees with less than 5 years' service and the right of election as between a refund of deposits (without interest) or entitlement to a deferred annuity at age 62 to employees with 5 but less than 20 years of service.

11. Under existing law if an employee in a position subject to another retirement system transfers to a position subject to the Civil Service Retirement Act he receives credit for time in the first position whether or not he makes an appropriate deposit to the retirement fund for such period of time. (This became known as windfalls.) S. 2875 requires redeposit with interest for any credit under the Retirement Act.

12. Under existing law no interest is required covering periods of separation from the service in the case of deposits made by employees to cover periods for which no deductions were made or for which a refund was received. S. 2875 provides that interest must be paid for periods of separation from the service as well as for periods of service. Interest would thus be charged for all periods during which the employee enjoyed the use of the money. The retirement fund would be earning interest on the money if it had been deposited into the fund.

13. Under existing law employees must retire at age 70 or upon completion of 15 years of service. S. 2875 eliminates the 15-year requirement, therefore automatic separation at age 70 regardless of length of service.

14. Under existing law a void exists for employees with 20 years or more of service but less than 25 years of service who are involuntarily separated through no fault of their own. Employees who have over 20 years of service cannot withdraw their deposits and because they have less than 25 years of service they do not have entitlement to an immediate annuity. S. 2875 provides an immediate annuity on a reduced basis to employees involuntarily separated who have attained the age of 50 years and have rendered 20 years of service.

15. Under existing law the formula for computing the annuity is $1\frac{1}{2}$ percent of the highest 5-year average salary, multiplied by the number of years of service. S. 2875 changes the $1\frac{1}{2}$ percent to 2 percent, with a maximum annuity of 75 percent of salary.

16. Under the existing law an employee may retire at age 55 after 30 years of service, but his annuity will be reduced by 3 percent for each full year he is under age 60. S. 2875

reduces the penalty to 1 percent for the first full year, 2 percent for 2 years, $3\frac{1}{4}$ percent for 3 years, 4 percent for 4 years, $6\frac{1}{4}$ percent for 5 years, and 2 percent more for each additional year he is under age 60.

17. Under the existing law an annuitant desiring to provide survivorship benefits is required to reduce his annuity 5 percent on the first \$1,500 of his annuity and 10 percent on the balance. S. 2875 requires no deduction on any annuity up to \$4,000. If the annuity exceeds \$4,000 there shall be a 10-percent reduction on that portion which exceeds \$4,000.

18. Under the existing law the widow must wait until age 50 to receive 50 percent of the earned annuity unless there are dependent children. S. 2875 provides that the survivor shall receive an immediate annuity upon the death of the annuitant whether or not there are dependent children.

19. Under the existing law if the wife is less than age 60, and the annuitant desires to provide survivorship benefits, his annuity will be reduced three-fourths of 1 percent for each full year she is less than age 60. S. 2875 requires no deduction.

20. Under the existing law if there is a widow and dependent children, the children receive \$900 divided among them, or \$360 whichever is lesser. S. 2875 increases the amount to \$1,200 divided among them, or \$480 whichever is lesser.

21. Under existing law if there is no widow but there are dependent children, they receive \$1,200 divided among them, or \$480, whichever is lesser. S. 2875 increases the amount to \$1,600 divided among them, or \$640, whichever is lesser.

22. Under existing law the formula for computing the annuity for a disabled employee is $1\frac{1}{2}$ percent of his average salary, multiplied by the number of years of service. S. 2875 guarantees an annuity of 40 percent of his average salary.

23. Under existing law 6 percent of basic salaries are withheld for retirement purposes. S. 2875 retains the same provision.

This is considerable sentiment in favor of this retirement legislation, however, it is claimed that the cost will be increased \$521 million, therefore amendments are being prepared to reduce the cost without impairing any of the benefits. The amendments suggested are as follows:

1. To increase Federal employee salary contributions for their retirement benefits from 6 to 7 percent.

2. To increase the Government's interest rate on bonds it sells to the retirement fund from 3 to $3\frac{1}{2}$ percent.

3. To abolish the present 3-percent interest that the Government pays to employees who withdraw their retirement contributions on leaving the Federal service.

In addition to the legislation described, other retirement bills have been introduced and are still to be considered, such as S. 59, which provides for a 5-percent reduction on the first \$1,500 and 10 percent on the balance of annuity to purchase survivorship annuity for those that retired between April 1, 1948, and October 31, 1949. This bill has passed the Senate and only needs consideration in the House.

Also S. 9, to provide group hospital, medical, and other personal health service benefits.

Also H. R. 500, by WITHROW, of Wisconsin, and H. R. 2400, by GROSS, of Iowa, to provide a survivorship annuity to widows of those who died prior to April 1, 1948.

An additional retirement bill is being studied to increase the annuities of those who are now upon the retirement rolls. All are receiving careful association attention.

It is very essential that you keep your Representatives and Senators in Congress well informed as to your desires on retirement legislation.

Don't Return To Rigid Price Supports for Farmers, Country Editors Warn

EXTENSION OF REMARKS OF

HON. WILLIAM B. WIDNALL

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 1956

Mr. WIDNALL. Mr. Speaker, once again the American Press, an independent magazine for hometown newspapers, has completed a nationwide survey on the farm problem.

Fifty percent of the editors answered the questionnaire indicating their intense interest in the farm legislation presently pending.

Under unanimous consent, this important survey follows:

DON'T RETURN TO RIGID PRICE SUPPORTS FOR FARMERS. COUNTRY EDITORS WARN

"Continue Eisenhower's flexible price support program, or eliminate price supports altogether—but don't return to the rigid price support for farmers.

"Try out the soil bank idea.

"Repeal restrictions on sale of surplus farm products to Iron Curtain countries.

"Exempt farmers from the Federal gasoline tax."

That is the consensus of opinion of the country editors of the Nation on the farm program, as revealed by a poll just completed by the American Press, based on replies received from 653 editors from all sections of the United States.

The poll also showed majority approval of the job being done by the Secretary of Agriculture.

Conducted while discussion of the farm program was at its height, the American Press poll not only asked editors to give their opinion on various proposals, but also asked for their estimate of the opinions of their readers. This second part of the survey showed considerable difference between the opinions of the editors and of their readers.

Whereas only 18 percent of editors favored a return to rigid price supports, for example, 45 percent thought their readers favored the idea of going back to the old support system. And where 61 percent of editors approved the job being done by Secretary Benson, only 31 percent thought their readers approved of his work.

The survey revealed strong opposition among editors to the whole price-support idea. Many who voted for the flexible supports emphasized that they should gradually be reduced and the Government should aim at getting rid of all supports as rapidly as possible.

Many of the editors felt that price supports were simply being used by politicians to get votes and stated their belief that the idea is un-American, that the farmer should stand on his own feet like any other businessman, and that there is no more reason to give handouts to farmers than to newspaper publishers.

Sentiment in favor of the soil-bank idea was mild—many of the editors feeling that it is perhaps the only way out but not a sound answer to the basic problem of the farmer.

A good many editors who thought some kinds of supports were necessary, felt they should be restricted to small farms—or include ceilings on the amount paid out—in order to help out the family-type farmer who is having a difficult time but to avoid aiding the factory-type large farm which, they believe, is well able to take care of

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of April 12, 1956
84th-2nd, No. 60

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HIGHLIGHTS: Senate passed second supplemental appropriation bill for 1956. House passed military construction bill. Sen. Johnson suggested President approve farm bill. Senate made bill to increase U. S. contributions to FAO its unfinished business. President signed Colorado River storage bill. Senate committee ordered reported Johnston retirement bill.

HOUSE

1. **MILITARY CONSTRUCTION; SURPLUS COMMODITIES.** Passed with amendments H. R. 9893, to authorize certain construction at military installations. The bill authorizes the Secretary of Defense to use for family housing construction in foreign countries, foreign currencies not to exceed \$250 million acquired through provisions of the Agricultural Trade Development and Assistance Act or other commodity transactions of the CCC. p. 5564
2. **RECLAMATION.** The Interior and Insular Affairs Committee reported without amendment H. R. 7850, to authorize the construction, operation, and maintenance of the Little Wood River reclamation project, Ida. (H. Rept. 1994). p. 5611
The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment H. R. 6028, to authorize the construction, operation, and maintenance of the Washoe reclamation project, Nev. and Calif. p. D334

3. FOREIGN TRADE. The Banking and Currency Committee reported with amendment H. R. 9052, to extend the Export Control Act for 3 years (H. Rept. 1998). p. 5612
4. FOREIGN AFFAIRS. Adopted a resolution commemorating Pan-American Day, and several Representatives spoke on the importance of good relations with Latin America and the value of technical assistance and trade programs in effecting good relations. p. 5558
5. FOREIGN AID. Received from the Comptroller General a report on an investigation of the U. S. assistance program to Egypt conducted by the ICA, State Department, and other agencies; to the Government Operations Committee. p. 5611
6. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the following schedule for next week: Mon., Consent Calendar; Tues., and balance of the week, highway construction and watershed bills. pp. 5595, 5605
7. ADJOURNED until Mon., Apr. 16. pp. 5596, 5611

SENATE

8. APPROPRIATIONS. Passed with amendments H. R. 10004, the second supplemental appropriation bill for 1956. Agreed to an amendment by Sen. Douglas to provide \$10 million additional for the school-lunch program. As first submitted, the amendment provided \$20 million, but Sen. Douglas changed the figure to \$10 million at the request of Sen. Hayden. Senate conferees were appointed. p. 5543
9. FARM PROGRAM. Sen. Johnson, Tex., discussed the possible ill effects of a veto of the farm bill, and suggested that the President approve it. p. 5539
10. PERSONNEL; RETIREMENT. The Post Office and Civil Service Committee ordered reported with amendments S. 2875, to provide increased retirement benefits for retiring Federal employees. p. D333
11. FOREIGN AFFAIRS. Passed as reported S. 3481, to increase the salaries and provide other benefits for employees in the Foreign Service. p. 5531
12. FAO. S. J. Res. 97, which provides for increasing the ceiling on the U. S. annual contribution to FAO from \$2 million to \$3 million, was made the unfinished business to be considered on Mon., Apr. 16. p. 5550
13. ANIMAL RESEARCH. Sen. Thye inserted a statement disclosing some of the research accomplishments of the Department's animal disease laboratory on Plum Island, N. Y. p. 5554
14. DISASTER INSURANCE. The Banking and Currency Committee ordered reported a bill to provide a Federal flood-insurance program. The "Daily Digest" states: "As approved, the bill would provide (1) a maximum of \$3 billion total face amount of policies at any one time, but the President would be authorized to increase this amount to \$5 billion, (2) a limitation of insurance of \$250,000 per person, and a \$10,000 Government policy limit on each housing unit, including personal property, and (3) that this program be administered by a new

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House failed to override President's veto of farm bill. Sens. Humphrey and Johnston criticized and others defended President's veto of farm bill. Senate received from this Department proposed bill amending Watershed and Flood Prevention Act. Senate committee reported Johnston Civil Service retirement bill. Senate committee reported bill to release Tongass Forest receipts from escrow. Senate agreed to limit debate on bill to increase U. S. contributions to FAO. House committee ordered reported bill to improve and simplify government accounting methods. Several (continued on last page)

HOUSE

1. FARM PROGRAM. Rep. Cooley and others criticized the President's veto of H. R. 12, the farm bill, and Rep. Halleck defended the President's action. In the vote to override the veto, the question failed of the necessary two-thirds majority (202 for, 211 against). p. 5852
2. FOREIGN TRADE. Began debate on H. Res. 459, to authorize the Ways and Means Committee to make a full study of GATT and the Organization for Trade Cooperation. p. 5877
The Ways and Means Committee reported with amendments H. R. 5550, to provide for U. S. participation in GATT and OTC (H. Rept. 2007). p. 5889
3. PERSONNEL. Both Houses received from the Attorney General a proposed bill "to amend the act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security"; to Post Office and Civil Service Committees. pp. 5771, 5889

4. FINANCES. Received from the Treasury Department the annual report on the state of finances of the Government (H. Doc. 243); to the Ways and Means Committee. p. 5889
5. LOANS. The Interior and Insular Affairs Committee reported with amendment H. R. 8385, to provide for the transfer from the Interior Department to the Agriculture Department of authority for the collection and settlement of certain Puerto Rican hurricane relief loan debts (H. Rept. 2009). p. 5889
6. FOOD. The Government Operations Committee issued a report on Food and Clothing Depot Utilization (H. Rept. 2013). p. 5889
7. ACCOUNTING. The Government Operations Committee ordered reported with amendment H. R. 9593, to simplify accounting and facilitate the payment of obligations. p. D358
8. HIGHWAYS. The Public Works Committee ordered reported H. R. 8836, to authorize appropriations for continuing the construction of highways (p. D359). The "Daily Digest" states that the committee "directed Rep. Fallon, chairman of the Subcommittee on Roads, to introduce a clean bill incorporating, as title I, the Federal Aid Highway Act of 1956 (H. R. 8836), and, as title II, the Federal Highway Revenue Act of 1956 (H. R. 9075)." p. D359

SENATE

9. FARM PROGRAM. Sens. Humphrey and Johnston criticized and others defended the President's veto of H. R. 12, the farm bill. pp. 5806, 5830
Sen. Payne inserted a newspaper editorial setting forth the merits of a soil bank program. p. 5789
10. APPROPRIATIONS. Majority Leader Johnson announced that H. R. 9390, the Interior Department appropriation bill, will be taken up on Mon., Apr. 23. p. 5770
11. WATERSHEDS; FLOOD CONTROL. Received from this Department proposed legislation amending the Watershed Development and Flood Prevention Act; to Agriculture and Forestry Committee. (For summary of provisions see Digest No. 62.) p. 5771
12. FORESTRY. The Interior and Insular Affairs Committee reported with amendment S. 2517, to release from escrow the receipts from the sale of timber in the Tongass National Forest (S. Rept. 1778). p. 5773
13. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2875, the Johnston bill to provide increased retirement benefits to retiring Federal employees (S. Rept. 1787). p. 5773
14. FAO. Agreed to limit debate on S. J. Res. 97, which increases U. S. Contributions to FAO, to 2 hours for any amendment, motion, or appeal beginning Thurs. p. 5830
15. FLOOD CONTROL. Passed without amendment S. 3272, to increase and make certain revisions in the general authorization for small flood-control projects. p. 5800

REVISING THE CIVIL SERVICE RETIREMENT ACT

APRIL 18 (legislative day, APRIL 9), 1956.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany S. 2875]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2875) to revise the Civil Service Retirement Act, having considered the same, report favorably thereon with an amendment, and recommend that the bill, as amended, do pass.

AMENDMENT

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill which appears in the reported bill in italic type.

JUSTIFICATION

The Congress and Federal employees alike have shared concern for a number of years as to the soundness of the financial structure of the United States civil service retirement and disability fund. This concern resulted in general realization of the need and a demand for legislation that would provide a sound and systematic method of pay-as-you-go financing, (a) to assure the perpetual integrity and solvency of the fund, and (b) to provide that the future cost of retirement, survivorship, and disability benefits to be derived from the fund be shared equally by employer and employee on a current basis.

The financing provisions of the bill, as amended, accomplish fully the above objective.

Similarly, Congress and Federal employees have long recognized the pressing need for a complete revamping of the civil service retirement system. This recognition is reflected in the number of bills that have been introduced during recent sessions to amend the Retirement Act. The need has been paramount in the minds of Federal employee organizations and thousands of employees as attested to in their

personal contacts with and correspondence to Members of Congress. Deficiencies in present law have been cited as one of the reasons for the abnormally high separation rate of career employees. Failure of the Government to keep pace with industry in retirement matters has been given as one of the reasons why it has become so difficult to attract scientists, engineers, doctors, nurses, and other types of professional and skilled personnel needed to staff and efficiently and economically perform a multitude of Federal services.

This need has given rise to the demand for legislation that will, within the framework of the existing civil service retirement system—

(a) Provide many long-justified, highly desirable, and sorely needed liberalized and expanded retirement, survivorship, and disability benefits;

(b) Provide an opportunity for continuity of coverage under the old-age and survivorship insurance program or the civil service retirement system to employees who shift back and forth between private and Federal employment;

(c) Remove or correct inequities now existing that have developed as the result of piecemeal legislation over a long period of years; and

(d) Clarify ambiguous and conflicting provisions in existing law to the end that the retirement system can be more easily and equitably administered by the Civil Service Commission and better understood by the several million present and future Federal employees who will have a vested interest in it.

The provisions of the bill, as amended, accomplish fully the above objectives.

FINANCIAL PROVISIONS

The legislative history of the civil service retirement system makes it quite clear that it has been the continuing intent of Congress since approval of the original act in 1920 that the cost of the program should be shared equally by the Government and those subject to it. In practice, however, the Government has failed to meet its share of the cost of the program, whereas employees have met their share of the cost through regular payroll deductions required by law.

The following table shows the amount of contributions made to the fund by the Government and by employees. However, these figures alone do not reflect the true status of affairs for, had the Government contributed its share on a current basis, the fund would have benefited from the interest thereon to the same extent as it has by the accrual of interest on employee contributions. Additionally, on several occasions, benevolent Congresses have provided increased benefits to retired employees. When that has occurred, the Government more often than not made no compensating appropriations to the fund and, of course, the recipients of the increased benefits, because of their retired status, did not make the usual employee contribution. Thus, any deficiency in the fund—to the extent one exists—is a direct liability of the Government due in part to not having met its share of normal costs by not matching the contributions of employees and in part to granting increased benefits to retired employees without, at the same time, providing for the increases through immediate appropriations to the fund or by adoption of some other appropriate method of financing the additional cost.

Fiscal year ended June 30—	Employee contributions	Government appropriations	Interest on investments	Total receipts	Total disbursements	Balance in fund June 30
1921-28.....	\$142,729,500.09		\$13,211,143.86	\$155,940,643.95	\$72,955,384.65	\$82,985,259.30
1929.....	28,122,943.18	\$19,950,000.00	4,446,797.16	52,519,740.34	16,062,570.07	119,442,429.57
1930.....	29,048,108.65	20,500,000.00	5,899,257.42	55,447,366.07	18,126,498.91	156,763,296.73
1931.....	29,944,191.69	21,000,000.00	7,332,320.46	58,276,512.15	23,992,317.41	191,047,491.47
1932.....	31,889,697.70	21,000,000.00	8,588,812.85	61,478,510.55	27,470,075.06	223,588,126.02
1933.....	30,493,792.21	21,000,000.00	9,752,298.53	61,246,090.74	34,837,692.05	249,996,524.71
1934.....	28,703,458.68	21,000,000.00	10,518,358.79	60,221,817.47	47,656,699.54	262,561,642.64
1935.....	30,089,204.72	21,000,000.00	10,822,890.96	61,912,095.68	52,744,030.20	271,729,708.12
1936.....	32,405,114.23	40,150,000.00	11,712,785.15	84,267,899.38	56,708,822.13	299,288,785.37
1937.....	34,990,072.51	46,200,000.00	13,012,960.98	94,203,033.49	59,128,674.27	334,359,981.82
1938.....	37,322,049.95	73,234,760.00	16,635,825.67	127,192,635.62	62,475,621.12	399,076,996.32
1939.....	39,189,390.16	75,086,760.00	19,220,490.57	133,496,640.73	63,818,228.67	468,755,408.38
1940.....	42,944,829.42	87,171,760.00	21,564,999.99	151,681,589.41	67,315,476.29	553,121,521.50
1941.....	55,402,455.43	91,559,110.00	25,163,610.35	172,125,175.78	72,370,130.31	652,818,863.90
1942.....	86,927,205.68	101,761,202.00	29,722,392.61	218,410,800.29	76,367,395.21	794,851,884.93
1943.....	226,149,125.31	106,137,575.00	37,788,863.36	370,075,563.67	83,631,805.36	1,081,295,643.24
1944.....	269,408,079.79	175,993,037.00	52,767,637.64	498,168,754.43	103,161,399.59	1,476,298,618.16
1945.....	288,114,029.05	195,790,875.00	68,582,148.62	552,487,052.67	152,551,127.97	1,876,227,651.70
1946.....	279,537,869.58	246,220,000.00	84,430,220.33	610,188,089.91	285,190,762.28	2,201,224,979.33
1947.....	255,895,491.10	221,293,000.00	94,394,089.36	571,582,580.46	293,874,636.75	2,478,919,593.94
1948.....	234,847,511.44	245,530,000.00	107,112,645.48	587,490,156.92	240,574,649.07	2,825,820,080.68
1949.....	325,149,016.50	226,032,000.00	122,798,553.78	673,979,570.28	217,735,767.35	3,287,563,119.65
1950.....	355,649,805.37	304,508,880.64	143,173,559.13	803,332,245.14	266,499,636.17	3,842,229,352.45
1951.....	374,872,990.23	307,117,455.27	164,561,022.06	846,551,467.56	268,853,707.12	4,419,927,112.89
1952.....	414,782,450.77	312,776,021.36	188,130,280.70	915,688,752.83	298,584,727.30	5,037,031,138.42
1953.....	420,034,454.57	325,304,154.19	214,609,442.91	959,948,051.67	361,207,314.00	5,635,771,876.09
1954.....	425,000,030.73	35,303,239.17	225,654,018.14	685,957,288.04	409,124,673.81	5,912,604,490.32
Total.....	4,549,642,868.74	3,362,619,829.63	1,711,607,426.86	9,623,870,125.23	3,733,019,822.66	-----

The Civil Service Commission estimates that, for all future service, the benefit structure provided by the bill involves a cost of not to exceed 14 percent of payroll. The bill proposes to meet this future service cost fully by a salary deduction of 7 percent for each employee, and by an agency contribution matching the employee deduction. Thus, for the first time since enactment of the retirement program in 1920, machinery is provided to require both the employer and the employee to share equally on a current basis the future service costs.

The committee is of the firm belief that the cost of retirement is a valid part of the cost of continuing Government operations and should be taken into account currently. In other words, the deferred compensation which ultimately becomes payable in the form of retirement benefits should be accounted for as part of the current cost of defense, of public health, and of each of the many services provided by the Government. The provision for an agency contribution matching that of its employees recognizes all of these considerations.

Additionally, the bill provides that all moneys in the civil service retirement and disability fund shall be invested in securities of the United States, bearing interest at the rate of 3½ percent per annum. During the first 30 years of the program, moneys in the fund were invested in securities of the United States, bearing interest at the rate of 4 percent per annum. In 1953, the interest rate was reduced by action of the Secretary of the Treasury to 3 percent per annum. That action curtailed the income of the fund by many millions of dollars a year. By fixing the interest rate at 3½ percent per year, the earning power of the fund will be restored to a proper level.

Restoration of the earning power of the fund to a realistic level, plus the increase in contributions by employees from 6 to 7 percent which adds an additional \$90 million a year to the fund, together with the provision that employee contributions be matched by the agencies, establishes the fund on a solid and fully solvent footing.

IMPROVED RETIREMENT BENEFITS

1. ANNUITIES

The bill increases the computation factor for employees generally from $1\frac{1}{2}$ percent of the "high 5-year average salary" times years of service to 2 percent of the "high 5-year average salary" times years of service with respect to all service in excess of 5 years. Example:

	Present law	S. 2875	
		First 5 years	Years in excess of 5
High 5-year average salary.....	\$5,000	\$5,000	\$5,000
Computation factor.....	$\times 1.5$	$\times 1.5$	$\times 2$
Years of service.....	75 $\times 30$	75 $\times 5$	100 $\times 25$
	2,250	375	2,500 375
Annuity.....	2,250		2,875
Increase in annuity.....			625

2. OPTIONAL RETIREMENT

The bill permits optional retirement after 30 years of service at any age. However, if under the age of 60 at the time of retirement, the annuity of the employee is reduced on a sliding scale based on the number of months the employee is under the age of 60 at the time of retirement.

3. INVOLUNTARY SEPARATION

The bill authorizes an immediate annuity to employees involuntarily separated through no fault of their own who have attained the age of 50 years and have rendered at least 20 years of service. Under present law, a void exists with respect to employees with 20 years but less than 25 years of service. Such employees cannot withdraw their contributions from the retirement fund and they must wait until they reach the age of 62 years before becoming entitled to a deferred annuity. The bill alleviates this situation, at least with respect to older age employees who have reached the point in life when it is difficult, if indeed not impossible to start another career, by providing an immediate annuity on a reduced basis to employees involuntarily separated who have attained the age of 50 years and have rendered 20 years of service.

SURVIVORSHIP BENEFITS

1. EMPLOYEES

Under the bill—the same as under present law—employees acquire survivorship coverage upon completion of 5 years of service.

A. Covered male employees

Survived by:

1. *Widow only.*—Regardless of her age, she gets an immediate annuity equal to 50 percent of the annuity earned by her husband at the time of his death, payable until her death or remarriage. Under

present law, she receives no annuity until she attains the age of 50 years.

2. *Widow and children.*—Widow receives immediate annuity the same as above, plus \$600 per year for each child under the age of 18. Under the present law, the annuity of each child ranges from a minimum of a few dollars a month to a maximum of \$360 per year.

3. *Children only.*—Each child under the age of 18 receives an immediate annuity of \$720 per year. Under present law, the annuity of each child ranges from a few dollars a month to a maximum of \$480 per year.

B. Covered female employees

Survived by:

1. *Widower only.*—The bill provides an immediate annuity equal to 50 percent of the annuity earned by the wife at the time of her death to "dependent" widowers. Present law provides annuities only to widowers of Members.

2. *Widower and children.*—"Dependent widower" receives an immediate annuity the same as above, plus \$600 per year for each child under the age of 18. Under present law, the surviving "dependent widower" and children of an employee do not receive survivorship benefits. However, the surviving widower and children of a Member do. In the case of the former, it is 50 percent of the earned annuity of the Member and in the case of latter, the annuity per child may not exceed \$360 a year.

3. *Children only.*—Each child under the age of 18 receives an immediate annuity of \$720 per year. Under present law, the annuity of each child ranges from a few dollars a month to a maximum of \$480 per year.

2. ANNUITANTS

The bill reduces the service prerequisite for election of survivorship benefits from 15 years to 5 years and extends the right of election to employees with entitlement to deferred annuities.

A. Cost of survivorship election

The bill provides for a 10 percent reduction on that portion of the annuitant's annuity as exceeds \$2,400 per year. Under present law, the annuity of an employee making the survivorship election is reduced by 5 percent of the first \$1,500 of his or her annuity, and by 10 percent of all in excess thereof, plus three-fourths of 1 percent for each year the designated spouse is under age 60 when the employee retires.

B. Benefits from survivorship election

The bill provides that a surviving widow or widower receive an automatic immediate annuity equal to 50 percent of the annuitant's earned annuity as does not exceed \$2,400, and when so elected by the annuitant, the surviving widow or widower receives in addition thereto 50 percent of the annuitant's earned annuity as exceeds \$2,400, both amounts payable immediately and until the survivor remarries or dies. Under present law, the widow or widower designated at the time of retirement receives an annuity beginning at age 50 and payable until the survivor remarries or dies.

DISABILITY BENEFITS

The bill provides that the annuity of any employee retired due to total disability after meeting the 5-year service requirement be: (1) 40 percent of his "high 5-year average salary," or (2) the amount of his earned annuity had he continued to work until reaching the age of 60 years, whichever is the lesser. Present law provides no minimum for a total disability annuity but accords the employee only the amount of his earned annuity at the time the disability occurs.

The bill provides further that an employee retired due to total disability shall not be deemed as being restored to earning capacity until his income is equal to 80 percent of the "current rate of pay" of the position he held at the time of the disability. Under present law, it is based on the salary of the position at the time he incurred the disability. Thus, under present law, an employee disabled when the pay of grade GS-5 was \$2,000 would be removed from the disability roll if his outside income reached \$1,600. But another employee who became disabled a few years later when the pay of GS-5 had risen to \$3,000 would not be removed from the disability roll until his outside income reached \$2,400. The bill corrects this inequity.

CONTINUITY OF COVERAGE

The bill provides a method for the transfer of service credit between civil service retirement and social security to provide continuity of coverage to employees who shift back and forth between Federal and private employment. Under the method provided when an employee with less than 20 years of service leaves the Government, he would have the option (1) of leaving his contributions in the retirement fund with entitlement to a deferred annuity upon reaching age 60, or (2) of taking a refund (a) of the full amount of his contributions in the retirement fund, or (b) the amount of his contributions in the retirement fund less the amount he would have contributed to OASI had he been covered under OASI during the period of service involved.

In the event the employee exercises the option to obtain OASI coverage, the Civil Service Commission will transfer to OASI the amount withheld from the employee plus a matching amount representing the employer's contribution and OASI will credit the employee with the service involved.

If the employee, at a later date, reenters the Federal service, he would again have an option (1) of leaving his service credit with OASI, or (2) of restoring his service credit in the civil service retirement system. If he makes the latter choice, he would be required to pay back the refund he received and OASI would return to the civil service fund the amount it received. In no case, however, will an employee be allowed to gain credit under both systems for the same period of service.

This provision will provide adequate protection against loss of coverage to employees who move in and out of the Federal service.

CORRECTION OF INEQUITIES

The bill overcomes many differences in benefits, requirements, and conditions existing under present law. It removes certain inequities and corrects others, and to the extent possible and justified, its pro-

visions are made applicable on an equal basis to all groups that make up well over 2 million individuals covered by the act. Among changes of this kind made by the bill are the following:

1. *Basic service requirement*.—The bill establishes 5 years as the basic service requirement for coverage under the civil service retirement system. Under present law, it is 6 years in the case of some and 5 years in the case of others.

2. *Definition of "average salary"*.—The bill defines "average salary" so as to have the same meaning with respect to all persons subject to the act. Under present law, "average salary" is not computed in the same way in the case of all persons subject to the act.

3. *Reestablishment of coverage*.—Under present law, a covered employee who dies or becomes totally disabled has survivorship and disability benefits. If, however, the same employee is out of the service for a time, he does not regain these benefits until he has completed "one year of creditable service within the two-year period" preceding his death or disability. The bill recognizes the inequity of this requirement under the circumstances cited and waives the requirement in the case of separation by reason of death or disability.

4. *Reemployment of annuitants*.—The bill provides that annuitants may be reemployed in any position for which they may be qualified and serve at the will of the appointing officer. Under present law, an annuitant may not be reappointed unless the appointing authority determines that he has special qualifications.

S. 2875, a bill to revise the Civil Service Retirement Act, was introduced January 9, 1956, after more than a year of study of the many complex problems involved. The study embraced present law, pending bills, and hundreds of suggestions submitted to the committee from many sources. Meetings were held with representatives of employee organizations, Federal agencies, and private industries having company retirement programs. An open door was extended to Federal employees and others with ideas and suggestions to offer. The response was not only great but extremely helpful. The technical assistance rendered to the committee by staff of the Retirement Division of the Civil Service Commission is deserving of special recognition and acknowledgment.

Public hearings on the bill were held February 1, 8, 9, and March 13 by the Special Retirement Subcommittee of the Post Office and Civil Service Committee. Membership of the subcommittee was: W. Kerr Scott (Democrat, of North Carolina), chairman; Matthew W. Neely (Democrat, of West Virginia), succeeded by William R. Laird III (Democrat, of West Virginia); Richard L. Neuberger (Democrat, of Oregon); William Langer (Republican, North Dakota); and Clifford P. Case (Republican, of New Jersey).

Among those testifying at the hearings were representatives of the Civil Service Commission, Social Security Administration, Federal employee organizations, and many individual employees.

Representatives of the Federal employee organizations—postal and classified service alike—and every single individual employee testified in favor of S. 2875, a measure designed to improve retirement benefits within the framework of the existing retirement system. These groups and individuals were equally unanimous in opposing S. 3041—the administration's bill designed to coordinate the civil service retire-

ment system with the social-security program—or any other bill of similar design and purpose.

After completion of the public hearings, the subcommittee held several long executive sessions during which it gave careful consideration to the oral evidence and written submissions submitted before, during, and after the hearings. The record will show that every proposal and recommendation received full consideration. Obviously, all proposals—even some having much merit—could not be accepted, but none were rejected without full consideration.

S. 2875 was reported by the subcommittee by unanimous vote. The full committee unanimously approved the bill as reported by the subcommittee with two minor amendments.

The committee also directed the staff to conduct a study of the following two supplementary matters and make a report thereon to the committee early in the next session:

1. *Inclusion in the computation of accredited service of certain periods of employment in connection with programs financed wholly or in part with Federal funds*

A number of present Federal employees are denied retirement-service credit for past periods of service under a number of Federal-State cooperative programs because they were not designated as Federal employees through the usual formal appointive procedures. The committee does not believe that one employee should receive retirement-service credit and another should be denied retirement-service credit, who worked side by side on the same program, merely because the first was appointed in one manner and the second in a different manner.

In order that equity might be accorded to all groups, the committee directed that the matter be studied with the view to appropriate action next session.

2. *Inclusion of additional groups of employees under the provisions of section 6 (c), authorizing "optional retirement upon attainment of age 50 and completion of at least 20 years of service" because of the unusual hazardous nature of the duties of their positions.*

A large number of groups, including (a) customs agents, (b) certain field employees in the Public Health Service, (c) ship pilots in the Panama Canal Zone, (d) attendants in TB hospitals, and (e) guards in military prisons, asked to be included under this provision.

The committee was impressed with the merits of some extension of the provision but believes that the problem is of sufficient complexity and size to justify a special study by the staff, and did so direct.

PRESENT ANNUITANTS

The bill expresses it to be the view of Congress that annuities of retired employees should be adjusted concurrently with general increases in the pay of active Federal employees.

Further, the committee agreed to consider a bill as soon as possible to increase the benefits of all former Federal employees now on the civil-service retirement rolls.

COSTS

Following is a letter from the Civil Service Commission in regard to the cost of S. 2875, as amended.

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., April 5, 1956.

Hon. OLIN D. JOHNSTON,
*Chairman, Post Office and Civil Service Committee,
United States Senate.*

DEAR SENATOR JOHNSTON: This is in reply to your letter of March 28, requesting a statement of the cost of S. 2875 as modified by a list of amendments enclosed with your letter.

We have since been advised by Mr. Kerlin of your committee staff that another amendment is to be considered in the estimates. A provision of the amended bill would direct the Secretary of the Treasury to invest the retirement fund in securities of the United States bearing interest at the rate of $3\frac{1}{2}$ percent. Investments are now made at 3 percent. This latter rate was used in the cost estimates of the present law and S. 2875 as introduced, which were a part of my statement before the Retirement Subcommittee on February 1, 1956. In accordance with Mr. Kerlin's request, our estimates on S. 2875 as amended, are based on a valuation interest rate of $3\frac{1}{2}$ percent. The resulting costs are compared with costs of the present law and S. 2875 as introduced, based on a 3-percent valuation rate.

In my testimony on February 1, I estimated that S. 2875 as introduced, would result in an annual increase in retirement costs of \$521 million, all of which would fall on the Government. We now estimate that S. 2875 as amended, would increase annual retirement costs over those of the present law by \$349 million. The provision increasing the employee deduction rate from 6 to 7 percent would increase the employees' portion of the cost by \$90 million, leaving an annual increase of \$259 million in the Government's retirement cost. This does not include the increased interest cost which would result from the additional one-half of 1 percent paid on the invested fund.

Sincerely,

PHILIP YOUNG, *Chairman.*

SECTIONAL ANALYSIS OF THE BILL

Section 1 of the bill amends the Civil Service Retirement Act in its entirety. The basic changes made in each section of the Retirement Act as rewritten are as follows:

SECTION 1. DEFINITIONS

Various terms used throughout the existing law are accompanied either by definitions or by reference to a section which defines them. In other instances, regulations, precedent, and administrative rulings are relied upon for the meaning of the terms used.

Present meanings of terms are changed as follows:

Section 1 (b)

1. "Member [of Congress]" presently includes only a Senator, Representatives in Congress, Delegate from a Territory, and the Resident Commissioner from Puerto Rico. The bill includes the Vice President within this definition, so as to extend to that officer for the first time the option of participating in the retirement system on the same basis as a Member of Congress.

Section 1 (d)

2. "Basic salary" is defined under present law to permit the use of military pay in the computation of retirement benefits. The bill would bar the use of military pay for this purpose. This change is proposed because it is deemed inappropriate to permit the rate of annuity upon retirement from a civilian position to be based upon pay from a source other than civilian employment.

(NOTE.—This change in no way relates to or changes the present law and practice of crediting military service for retirement purposes.)

Section 1 (e)

3. "Average salary" for computing the annuities of all officers and employees except Members of Congress is presently the annual average of basic salary received during any 5 consecutive years of allowable service the individual may choose. For Members of Congress it presently consists of the annual average of all salary received for service being credited which was performed on or after August 3, 1946, up to date of separation. The bill, by definition of this term, requires that the annuities of all officers and employees, including Members of Congress, be based on an annual average of basic salary received during the highest 5 consecutive years of allowable service. This deletes the option to chose any other 5 consecutive year service period as the average salary base and, in effect, repeals the existing average salary concept for annuities of Members of Congress, established originally in the Legislative Reorganization Act of 1946.

Section 1 (j)

4. "Child" is defined under present law to allow automatic survivor annuity benefits to certain unmarried surviving children who are over age 18, if incapable of self-support by reason of physical or mental disability. The bill continues the present law in this regard, but adds the further condition that such child's disabling condition must have been incurred prior to age 18, in order to be eligible for the annuity.

Section 1 (l)

5. Under present law, lump-sum payments include retirement deductions, sums deposited by an employee or Member and interest on such deductions and deposits to the date of separation or to the date of entitlement to a deferred annuity or date of death, whichever is earlier except that no interest accrues if the service covered thereby aggregates 1 year or less. The bill defines "lump-sum credit" to end the practice of crediting interest after December 31, 1956, on the theory that to provide the protection afforded by the act as amended by the bill, and at the same time allow interest on deposits made for the purpose of obtaining protection amounts to dual benefits unwarranted by the circumstances.

SECTION 2. COVERAGE*Section 2 (b)*

Existing law excludes from coverage "elective officers in the executive branch of the Government." The bill, to avoid a conflict of provisions in its extension of retirement coverage and benefits to the Vice President, makes this specific exclusion applicable simply to "the President." Judges of the United States (as defined in sec. 451, title 28, U. S. C.) are not now specifically excluded. Contrary to the

view of the Commission, the judicial conference in March 1950 expressed the opinion that these judges are not subject to the act. The bill clarifies their status by specifically excluding them.

Section 2 (e)

Under present law the President has authority to exclude executive branch employees whose tenure is intermittent or of uncertain duration. This authority has been delegated to the Civil Service Commission by Executive Order 10530. The bill confers this authority directly upon the Civil Service Commission, adding similar authority as regards District of Columbia employees where the District of Columbia Commissioners so recommend, but in all cases subject to the restriction that no employee shall be excluded from coverage who has had more than 9 months' continuous service.

SECTION 3. CREDITABLE SERVICE

Section 3 (a)

At present, all periods of separation from the service are excluded from credit for retirement purposes. The bill would exclude only those periods of separation which exceed 3 days. Most of the breaks in service of 1 or 2 days are the result of misunderstanding or clerical error where a transfer takes place over a weekend. This change is made primarily to improve and simplify the administration of the act.

Section 3 (g)

Existing law requires at least 1 year of creditable civilian service subject to the act within the 2-year period preceding separation before any title to annuity may exist based upon the separation; failure to meet this requirement does not take away any annuity right which may have existed based upon a previous separation. The bill continues this requirement in effect on a modified basis; it would no longer apply in case of separation by reason of death or on account of disability.

SECTION 4. DEDUCTIONS AND DEPOSITS

Section 4 (a)

Effective from the first day of the first pay period beginning after December 31, 1956, the bill raises the rate of retirement deductions for everyone covered by the act from the present 6 to 7 percent of basic salary. The bill also newly requires that effective from the first day of the first pay period beginning after June 30, 1957, each department or agency shall contribute to the retirement fund amounts equal to the deductions currently withheld from the salaries of its employees, including Members of Congress, subject to the act. Special provision is made that amounts contributed by the Post Office Department under this subsection are not to be considered as costs of providing postal service, for the purpose of establishing postage rates.

Section 4 (d)

Under present law when an employee in a position subject to another retirement system transfers to a position subject to the Civil Service Retirement Act, he receives credit for time in the first position whether or not he makes an appropriate deposit to the retirement fund for such period of time.

The bill requires each Member or employee who had received a refund of retirement deductions under another retirement system to

redeposit such refund with interest before any credit would be allowed under the Retirement Act for service covered by the refund. Adoption of this provision will prevent employees from receiving windfalls under certain conditions.

Section 4 (e)

Under existing law no interest is required covering periods of separation from the service in the case of deposits made by employees to cover periods for which no deductions were made or for which a refund was received. The bill provides that interest must be paid for periods of separation from the service as well as for periods of service. Interest would thus be charged for all periods during which the employee enjoyed the use of the money. The retirement fund would be earning interest on the money if it had been deposited into the fund.

SECTION 5. MANDATORY SEPARATION

Section 5 makes no changes in existing law.

SECTION 6. IMMEDIATE RETIREMENT

Section 6 (b)

Under present law a reduced annuity is paid upon separation for any reason after attaining age 55 and serving 30 years. The bill would permit retirement after 30 years of service at any age. However, if the employee is under the age of 60 at the time of retirement, the annuity is on a reduced scale based on the number of months the employee is under 60 years of age at the time of retirement.

Section 6(c)

Under existing provisions relating to the retirement of employees whose duties are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, the Civil Service Commission is required to give full consideration to the degree of hazard to which the employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by the employee. Under the bill the head of a department or agency would likewise be required to give consideration to these factors in recommending retirement of an employee under these provisions.

Section 6(d)

Under present law a void exists with respect to employees with 20 or more years but less than 25 years of service who are involuntarily separated through no fault of their own. Employees who have over 20 years of service cannot withdraw their deposits from the retirement fund and because they have less than 25 years of service, they do not have entitlement to an immediate annuity. The bill proposes to alleviate this situation by providing an immediate annuity on a reduced basis to employees involuntarily separated who have attained the age of 50 years and have rendered 20 years of service.

Section 6 (f)

Under present law Members may retire at age 60 with 10 years of service on an annuity which is reduced for each full month the Member is under age 62. Since reduced annuities in the case of all other persons under the act are related to age 60, the reduction in the case of Members who have attained the age of 60 is eliminated in the bill.

SECTION 7. DISABILITY RETIREMENT

Section 7 (a)

Under present law an employee who completes 5 years of civilian service or a Member with 5 years' Member service may be retired due to disability. However, under existing law an employee cannot be retired due to disability if he is eligible for immediate retirement by reason of age and length of service. Thus, a situation exists under which departments may retire employees who become disabled before reaching retirement age but cannot retire disabled employees who have attained retirement age. The bill permits disability retirement in any case where the disabled employee or Member meets the minimum service requirements for annuity.

Section 7 (b)

In the interest of administrative simplicity, the bill makes some technical changes in regard to the filing of applications for retirements due to disability.

Section 7 (d)

Under present law the annuity of a disability annuitant who recovers before reaching age 60 is discontinued. The bill provides that if the earning capacity of such an annuitant is restored to a level fairly comparable to the current rate of pay for the position held immediately prior to retirement, his annuity shall be discontinued even though he has not attained complete recovery from a medical viewpoint.

Section 7 (e)

Under existing law if a disability annuitant recovers and is unable to obtain reemployment or for any other reason does not return to service under the act, he is considered as having been separated from service as of the date of his retirement for disability and entitled only to a deferred annuity at age 62. The bill modifies this provision so that a disability annuitant who recovers or is restored to earning capacity before he attains age 60 will be considered (except for service credit) as having been involuntarily separated from the service upon termination of the disability annuity. This change would permit the granting of immediate annuity if the employee is otherwise entitled.

SECTION 8. DEFERRED RETIREMENT

Section 8 (a)

Under existing law an employee subject to the Retirement Act who transfers to a position not within the purview of the act retains no annuity rights; he has title to a refund only, regardless of his length of service. The bill extends to any such transferee with 5 or more years of civilian service the right to a deferred annuity at age 62 if he does not draw a refund.

Section 8 (b)

A Member of Congress now has title to deferred annuity at age 62 if separated with at least 6 but less than 10 years of Member service; a Member separated with 10 or more years of Member service may receive a reduced annuity when he reaches age 60. A Member transferred to a position not within the purview of the Retirement Act has title to a refund only, regardless of length of service.

The bill extends the privilege of deferred annuity at 62 to any Member separated or transferred to a position not under the act if

he has at least 5 years of Member service. A Member with 10 or more years' Member service who is separated or transferred to a position not within the purview of the act may receive a full annuity when he reaches age 60, under the terms of the bill.

SECTION 9. COMPUTATION OF ANNUITY

Section 9 (a)

Under present law the rate of annuity for employees generally is computed on the basis of $1\frac{1}{2}$ percent of average basic salary times the number of years of service, or on the basis of 1 percent plus \$25, multiplied by the number of years of service, whichever is to the advantage of the employee. The 1 percent plus \$25 formula is favorable to employees whose average basis salary is not in excess of \$5,000, while the $1\frac{1}{2}$ percent formula is used where the average salary is in excess of \$5,000. In either case, the total annuity of an employee, irrespective of his length of service, may not exceed 80 percent of his average basic salary.

The bill retains the present formula for employees generally in respect to the first 5 years of service, and raises the computation base for the years of service in excess of 5. Under the bill the annuity is (a) $1\frac{1}{2}$ percent, or \$25 plus 1 percent, of the average salary for the highest 5 consecutive years of all service multiplied by not more than 5 years of service, and (b) 2 percent, or \$25 plus 1 percent, of the highest 5-year average salary multiplied by all years of creditable service in excess of 5. The maximum on basic annuity is still 80 percent of the highest 5-year average salary.

The present law contains no minimum for a total disability annuity. The bill provides that the annuity of any employee retired due to total disability after meeting the 5-year eligibility requirement be at least (1) 40 percent of his average salary, or (2) the amount obtained after increasing his total service by the period elapsing between the date of his separation due to the disability and the date he attains the age of 60 years, whichever is the lesser. However, it is not intended that the provision shall serve to increase the benefits of the annuitant's survivors. Section 9 (b) extends these minimum disability benefits to congressional employees and section 9 (c) extends them to Members.

Section 9 (b)

The bill makes no changes in the annuity computation formula for congressional employees, except that the $1\frac{1}{2}$ percent figure applicable to noncongressional service would be changed to 2 percent for all such service in excess of 5 years, in line with the change discussed under subsection (a) applicable to employees generally.

Section 9 (c)

The annuity computation formula for a Member of Congress would remain as at present except that (a) the $1\frac{1}{2}$ percent figure applicable to noncongressional service performed prior to a separation from Member service would be changed to 2 percent for all years of such service in excess of 5, in line with the change discussed under subsections (a) and (b) for other officers and employees, and (b) the maximum basic annuity for a Member would be changed from 75 percent of final salary as a Member, to 80 percent.

Section 9 (d)

Under existing law an employee retiring prior to attainment of age 60 is required to take a reduction of one-fourth of 1 percent in his earned annuity for each full month he is under age 60 at the date of his separation.

The bill would lower the reduction formula to one-twelfth of 1 percent per month for each month up to 30, one-eighth of 1 percent for each month in excess of 30 and up to 60, one-sixth of 1 percent per month for each month in excess of 60 the employee is under the age of 60 at the time of his retirement.

Section 9 (f)

Under existing law an employee retiring on an immediate annuity with at least 15 years of service may elect a joint and survivorship annuity in favor of the surviving wife or husband. The bill changes the service prerequisite to a joint and survivorship election by an employee from 15 years to 5.

At the present time only an employee retiring on immediate annuity can elect a joint and survivorship annuity. The bill extends this right to employees receiving deferred annuities. It was felt that since employees entitled to deferred annuities contributed to the retirement fund at the same rate as other annuitants, and since they receive annuities computed in precisely the same manner as other annuitants, they should be entitled to provide the same protection to their survivors as other annuitants.

Under present law when an annuitant makes a joint and survivorship election he is required to take a reduction of 5 percent on the first \$1,500 of his annuity and 10 percent on all in excess thereof. The bill removes the reduction on the first \$2,400 of the annuity but leaves the 10-percent penalty on any amount in excess thereof.

Section 9 (g)

Under existing law the election of a joint and survivorship annuity by an unmarried annuitant carries with it a reduction of 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee except that the reduction for the 5-year span between 25 and 30 years is 10 percent. The bill changes this reduction for a joint and survivorship annuity to 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee with a maximum reduction of 40 percent.

Section 9 (i)

The bill retains the existing special annuity formula of 2 percent of high 5-year average salary times years of service for early optional retirement of investigative employees, but changes the maximum annuity provision under it from a limitation of 30 years on allowable service, to the 80 percent of high 5-year average salary maximum applicable to employees generally.

SECTION 10. SURVIVOR ANNUITIES

Section 10 (a) (1)

Under existing law, upon the death of any annuitant who elected the joint and survivorship annuity the widow or widower designated at the time of the annuitant's retirement is entitled to an annuity

equal to one-half of the annuitant's earned annuity beginning on the first day of the month following the survivor's attainment of age 50, or on the first day of the month in which the annuitant's death occurs if the survivor is then 50 years of age or over, and is payable until the survivor remarries or dies.

Also, under existing law, upon the death of any male annuitant who was eligible to elect a joint and survivorship annuity and who is survived by a widow and children, an automatic immediate annuity is paid to the widow—regardless of whether or not the annuitant made such an election. This automatic annuity—to widows with dependent children—terminates when the widow reaches age 50, remarries, or dies, whichever occurs first. If the annuity is terminated by virtue of the widow having reached age 50, she receives no further benefits unless the annuitant elected a joint and survivorship annuity at the time of his retirement.

The bill provides an automatic immediate survivor's annuity to the surviving wife or husband of every employee or Member of Congress who dies after having retired under any provision of the bill, if such surviving spouse was married to the annuitant at time of his or her retirement. The survivor's annuity is one-half of so much of the deceased annuitant's earned annuity as does not exceed \$2,400.

Section 10 (a) (2)

Under present law any employee eligible for an immediate annuity may at the time of his or her retirement elect a joint and survivorship annuity under which the surviving spouse is entitled to an annuity equal to one-half of the annuitant's earned annuity. In view of the fact that section 10 (a) (1) allows an automatic joint and survivorship annuity equal to 50 percent of so much of the annuitant's earned annuity as does not exceed \$2,400, the election provided in section 10 (a) (2) applies only to that portion of an annuitant's annuity in excess of \$2,400. When such an election is made, the annuitant is required to take a reduction of 10 percent on the amount of his or her annuity as may be in excess of \$2,400. As in the case of the automatic survivorship annuity provided under section 10 (a) (1), any elected annuity under section 10 (a) (2) becomes payable immediately upon the death of the annuitant without regard to the age of the surviving spouse.

Section 10 (a) (3)

This subsection establishes the first of the month in which annuitant dies as the commencing date of the immediate survivor's annuity to spouse provided in subsections 10 (a) (1) and (2). It continues in effect the provision that both automatic and elective spouse's annuity shall terminate upon the survivor's death or remarriage.

Section 10 (c)

Under existing law, an automatic annuity, equal to 50 percent of the employee's or member's earned annuity, is paid to the widow of an employee, or to the widow or widower of a member, who dies after 5 years of civilian service.

The bill continues without change the automatic annuity to widows of both employees and members and extends similar benefits to widowers of employees but requires that in either the case of an employee or member the surviving widower must be a "dependent widower" to be eligible for such annuity. Annuities to spouses under

this provision terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

Section 10 (d)

Automatic annuities are also paid under existing law to surviving dependent children upon the death of (1) an employee or Member with 5 or more years of service, (2) an employee annuitant retired under any provision except a deferred annuity, or (3) a Member retired for any reason. Except in the case of a female Member, no automatic annuity is paid to children of a female employee if a widower survives. If both an entitled spouse and child or children survive, each child is entitled to an annuity which is (1) 25 percent of the annuitant's regular earned annuity, (2) \$900 divided by the number of surviving children, or (3) \$360, whichever is least. If no entitled spouse survives, the annuity for each child is equal to (1) 50 percent of the annuitant's earned annuity, (2) \$1,200 divided by the number of surviving children, or (3) \$480, whichever is least. A child's annuity begins on the first day of the month after the employee or Member (or annuitant) dies and terminates upon the child's death, marriage, or attainment of age 18 (unless the child is incapable of self-support, in which event his becoming capable of self-support terminates the benefit). Upon the death of the widow or entitled widower, or the termination of annuity to a child, the annuities of the remaining child (or children) are re-computed.

The bill provides, in addition to benefits under existing law, for the payment of children's annuities where there is a surviving widower, provided such widower was dependent upon the employee or annuitant for his support.

Children's benefits are raised by the bill. Where a widow or dependent widower survives, each child receives an annuity of \$600. Where the employee or Member of Congress leaves no widow, or widower, each child's annuity is \$720.

SECTION 11. LUMP-SUM BENEFITS

Section 11 (a)

The bill authorizes refund of the lump-sum credit to any employee separated with less than 20 years of civilian service, whereas present law authorizes such refund of the retirement account only provided the employee is not eligible for optional retirement (age 62 or over with 15 or more years of service) at time of separation.

SECTION 12. COVERAGE UNDER SOCIAL SECURITY IN LIEU OF LUMP-SUM CREDIT

Section 12 would allow a transfer of credits from retirement to social security in certain cases. The employee or Member separated or transferred outside the Retirement Act before serving 20 years may forego any future annuity rights and receive OASI credit for his Federal service from and after January 1, 1957. In such case, there will be transferred to OASI the proper employee tax to cover the service involved (plus a matching Government payment of the employer tax), and the individual will be paid the balance of his contributions. This transaction will effect OASI credit for the service.

Should the employee or Member secure Federal reemployment wherein he again secures retirement coverage, he may retain his

OASI coverage or reinstate the retirement rights. If he selects the latter, he must return his refund with interest and OASI will return the sum it received.

SECTION 13. ADDITIONAL ANNUITIES

Members of Congress now have the privilege of making voluntary contributions to purchase additional annuity. However, the amount of such additional annuity in each case is determined by applying an actuarial factor based upon the retiring Member's age and sex.

The bill grants Members of Congress the privilege of making voluntary contributions to purchase additional annuity at the rate of \$7 per each \$100 so credited, with the \$7 increased by 20 cents for each full year the Member is over age 55 at date of retirement, thereby placing them in the same position in this respect as employees generally. No other change in existing law is made by section 13.

SECTION 14. REEMPLOYMENT OF ANNUITANTS

Section 14 (a)

Present law provides that no annuitant may be reappointed to any Government position after attaining age 60 unless the appointing authority determines that he has special qualifications.

Section 14 (a) provides that annuitants may be reemployed in any position for which they may be qualified and serve at the will of the appointing officer.

Section 14 (b)

The bill provides that if an annuitant is reemployed in an appointive or elective position subject to the Retirement Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund withheld from his salary. It provides further that if the former annuitant performs actual full-time service for a period of at least 1 year, his right to future annuities shall be redetermined. If the annuitant does not perform actual full-time service for at least a year his annuity payments are resumed without change and the deductions made from his salary for the retirement fund during such period are refunded to him.

Section 14 (c)

Under present law if a retired Member is reemployed other than as a Member, his annuity is continued in addition to his salary. However, if he resumes service as a Member, his annuity is suspended. Upon subsequent retirement, his annuity is resumed in the amount or, if he contributed to the retirement fund during the additional service, the additional service is considered in recomputing his annuity rights.

The bill suspends a former member's annuity during any period of reemployment in a position subject to the act.

SECTION 15. PAYMENT OF BENEFITS

The bill makes no change in this section, which relates to the mechanics of paying benefits under the act.

SECTION 16. EXEMPTION FROM LEGAL PROCESSES

Section 16 (b)

Under present law the Commission in its discretion may waive recovery of any overpayment of annuity when the recipient acted in good faith.

The bill retains the provision and extends the right of the Commission to waive recovery from a recipient to lump-sum payments. Recovery of lump sums can be just as inequitable as recovery of annuity payments.

SECTION 17. ADMINISTRATION

The bill makes no change in the existing general administrative provisions.

SECTION 18. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Section 18 (c)

Under present law currently available portions of the retirement fund as are not immediately required for payments from the fund are invested by the Secretary of the Treasury in securities of the United States. The law does not fix the interest rate for such securities. Most of the fund is invested at an interest rate of 3 percent.

The bill newly requires that the Secretary of the Treasury invest such currently available portions of the fund in securities of the United States bearing interest at the rate of 3½ percent. It also extends the purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, to authorize issuance at par of special obligations for purchase by the fund.

SECTION 19. SHORT TITLE

Section 1 of the bill may be cited as the "Civil Service Retirement Act."

Section 2 of the bill abolishes the special retirement system for civilian teachers at the Naval Academy and covers them under the Civil Service Retirement Act.

Section 3 of the bill carries out the purpose of S. 59 passed by the Senate July 19, 1955. The effect of section 3 is to make effective as of April 1, 1948, certain benefits effective September 30, 1949. The Civil Service Retirement Act, as amended effective April 1, 1948, authorizes a husband, at the time of his retirement, to elect a survivorship annuity payable to his widow equal to 50 percent of the annuity otherwise payable to him. To obtain the benefit of this provision, the husband was required to take a reduction of 10 percent in the annuity payable to him. The act of September 30, 1949, reduced the reduction on the first \$1,500 of the husband's annuity from 10 to 5 percent for those who retired after such date.

Section 4 of the bill provides that the rights of persons separated prior to the effective date of this act shall continue in the same manner and to the same extent as if the act had not been enacted.

Section 5 of the bill provides that the current Vice President may elect retirement coverage on January 1, 1957, or within 15 days there-

after. In case of such election, his past service as Vice President shall be considered as covered service for the purpose of fulfilling the annuity title requirement of at least 1 year of covered service within the 2-year period preceding separation.

Section 6 of the bill declares it is the policy of Congress to correspondingly adjust the annuities of retired employees in the future, whenever any general adjustment is made in the salaries of Government employees. This would not operate to automatically raise or lower annuities with salary changes, but Congress must act specifically in each instance.

Section 7 of the bill amends the act of September 1, 1954 (Public Law 769, 83d Cong.), which prohibits payment of annuity or retired pay based on the service of individuals convicted of certain enumerated crimes against the United States or found responsible for certain other improper acts or omissions. The amendment extends this act to prohibit payment of annuity or retired pay in any case where the individual has been indicted for any of the enumerated Federal crimes and wilfully, with knowledge of the indictment, remains outside the United States, its Territories and possessions, in excess of a year. The prohibition on benefit payments would be effective at the end of the 1-year period and would remain in force until entry of a nolle prosequite to the entire indictment, or until the individual returns and thereafter the indictment is dismissed or the accused is found not guilty under it.

Section 8 of the bill establishes January 1, 1957, as the effective date of the act.

Section 9 provides that the bill may be cited by short title as the "Civil Service Retirement Act Amendments of 1956."

CHANGES IN EXISTING LAW

Compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate has been omitted inasmuch as it is necessary, in the opinion of the committee, to dispense with the requirements of such subsection to expedite the business of the Senate.



Calendar No. 1813

84TH CONGRESS
2D SESSION

S. 2875

[Report No. 1787]

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1956

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

APRIL 18 (legislative day, APRIL 9), 1956

Reported by Mr. JOHNSTON of South Carolina, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To revise the Civil Service Retirement Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Civil Service Retirement Act of May 29, 1930, as
4 amended, is amended to read as follows:

5 “DEFINITIONS

6 “SEC. 1. Wherever used in this Act—

7 “(a) The term ‘employee’ shall mean a civilian officer
8 or employee in or under the Government and, except for
9 purposes of section 2, shall mean a person to whom this Act
10 applies.

11 “(b) The term ‘Member’ shall mean a United States

1 Senator, Representative in Congress, Delegate from a Ter-
2 ritory, or the Resident Commissioner from Puerto Rico, and,
3 except for purposes of section 2, shall mean a Member to
4 whom this Act applies.

5 “(e) The term ‘congressional employee’ means an
6 employee of the Senate or House of Representatives or of
7 a committee of either House, an employee of a joint com-
8 mittee of the two Houses, an elected officer of the Senate
9 or House of Representatives who is not a Member of either
10 House, the Legislative Counsel of the Senate and the
11 Legislative Counsel of the House of Representatives and the
12 employees in their respective offices, an Official Reporter
13 of Debates of the Senate and a person employed by the
14 Official Reporters of Debates of the Senate in connection with
15 the performance of their official duties, the Architect of the
16 Capitol and the employees of the Architect of the Capitol,
17 a member of the Capitol Police force, an employee of the
18 Vice President if such employee’s compensation is disbursed
19 by the Secretary of the Senate, and an employee of a Member
20 if such employee’s compensation is disbursed by the Secretary
21 of the Senate or the Clerk of the House of Representatives.

22 “(d) The term ‘basic salary’ shall not include bonuses,
23 allowances, overtime pay, military pay, or salary, pay, or
24 compensation given in addition to the base pay of the position
25 as fixed by law or regulation: *Provided*, That for employees

1 paid on a fee basis, the maximum amount of basic salary
2 which may be used shall be \$10,000 per annum. For a
3 Member, the term 'basic salary' shall include, from April 1,
4 1954, to February 28, 1955, the amount received as expense
5 allowance under section 601 (b) of the Legislative Reorgan-
6 ization Act of 1946, as amended, and such amount from
7 January 3, 1953, to March 31, 1954, provided deposit is
8 made thereon as provided in section 4.

9 “(e) The term 'average salary' shall mean the largest
10 annual rate resulting from averaging, over any period of
11 five consecutive years of creditable service, an employee's
12 rates of basic salary in effect during such period with each
13 rate weighted by the time it was in effect: *Provided*, That
14 the period for a Member shall be his Member service from
15 and after August 3, 1946.

16 “(f) The term 'fund' shall mean the civil service
17 retirement and disability fund created by the Act of May 22,
18 1920.

19 “(g) The terms 'disabled' and 'disability' shall mean
20 totally disabled for useful and efficient service in the grade or
21 class of position last occupied by the employee or Member
22 by reason of disease or injury not due to vicious habits, in-
23 temperance, or willful misconduct on his part within the five
24 years next prior to becoming so disabled.

25 “(h) The term 'widow', for purposes of section 10, shall

1 mean the surviving wife of an employee or Member who was
2 married to such individual for at least two years immediately
3 preceeding his death or is the mother of issue by such
4 marriage.

5 “(i) The term ‘widower’, for purposes of section 10,
6 shall mean the surviving husband of an employee or Member
7 who was married to such employee or Member for at least
8 two years immediately preceeding her death or is the father
9 of issue by such marriage. The term ‘dependent widower’,
10 for purposes of section 10, shall mean a ‘widower’ who is
11 incapable of self-support by reason of mental or physical
12 disability, and who received more than one-half his support
13 from such employee or Member.

14 “(j) The term ‘child’, for purposes of section 10, shall
15 mean an unmarried child, including (1) an adopted child,
16 and (2) a stepchild or recognized natural child who received
17 more than one-half his support from and lived with the Mem-
18 ber or employee in a regular parent-child relationship, under
19 the age of eighteen years, or such unmarried child regardless
20 of age who because of physical or mental disability is inca-
21 pable of self-support.

22 “(k) The term ‘Government’ shall mean the executive,
23 judicial, and legislative branches of the United States Gov-
24 ernment, including Government-owned or controlled cor-

1 porations and Gallaudet College, and the municipal govern-
2 ment of the District of Columbia.

3 “(1) The term ‘lump-sum credit’ shall mean the unre-
4 funded amount consisting of (1) the retirement deductions
5 made from the basic salary of an employee or Member, (2)
6 any sums deposited by an employee or Member covering
7 prior service, and (3) interest on such deductions and de-
8 posits at 4 per centum per annum to December 31, 1947,
9 and 3 per centum per annum thereafter compounded annu-
10 ally to date of separation or transfer or December 31, 1956,
11 whichever is earlier, in case of an employee or Member who
12 is separated with title to a deferred annuity and does not
13 claim the lump-sum credit, to the commencing date fixed
14 for such deferred annuity or date of death or December 31,
15 1956, whichever is earlier. The lump-sum credit shall not
16 include interest if the service covered thereby aggregates one
17 year or less, nor shall it include interest for the fractional
18 part of a month in the total service.

19 “(m) The term ‘Commission’ shall mean the United
20 States Civil Service Commission.

21 “(n) The term ‘annuitant’ shall mean any former em-
22 ployee or Member who, on the basis of his service, has met
23 all requirements of the Act for title to annuity and has filed
24 claim therefor.

25 “(o) The term ‘survivor’ shall mean a person who is

1 entitled to annuity under this Act based on the service of a
2 deceased employee or Member or of a deceased annuitant.

3 ~~“(p) The term ‘survivor annuitant’ shall mean a sur-~~
4 ~~vivor who has filed claim for annuity.~~

5 ~~“(q) The term ‘service’ shall mean employment which~~
6 ~~is creditable under section 3.~~

7 “(r) The term ‘military service’ shall mean honorable
8 active service in the Army, Navy, Air Force, Marine Corps,
9 or Coast Guard of the United States, but shall not include
10 service in the National Guard except when ordered to active
11 duty in the service of the United States.

12 “(s) The term ‘Member service’ shall mean service as
13 a Member of Congress and shall include the period from
14 the date of the beginning of the term for which the Member
15 is elected or appointed to the date on which he takes office
16 as Member.

17 ~~"COVERAGE~~

18 “SEC. 2. (a) This Act shall apply to each employee and
19 Member, except as hereinafter provided.

20 “(b) This Act shall not apply to any elective officer in
21 the executive branch of the United States Government, to
22 any judge of the United States as defined under section 451
23 of title 28 of the United States Code, or to any employee
24 of the Government subject to another retirement system for
25 Government employees.

1 “(c) This Act shall not apply to any Member or to any
2 congressional employee until he gives notice in writing,
3 within six months after the date of entrance to the service,
4 to the officer by whom his salary is paid, of his desire to
5 come within the purview of this Act.

6 “(d) This Act shall not apply to any temporary con-
7 gressional employee unless such employee is appointed at
8 an annual rate of salary and gives notice in writing, within
9 six months after the date of entrance to the service, to the
10 officers by whom his salary is paid, of his desire to come
11 within the purview of this Act.

12 “(e) The Commission may exclude from the operation
13 of this Act any employee or group of employees in the ex-
14 ecutive branch of the United States Government, or of the
15 District of Columbia government upon recommendation by
16 its Commissioners, whose tenure of office or employment is
17 temporary or intermittent, except that no employee shall be
18 excluded under this subsection after he shall have had more
19 than six months' continuous service.

20 “(f) This Act shall not apply to any temporary em-
21 ployee of the Administrative Office of the United States
22 Courts, of the courts specified in section 610 of title 28 of the
23 United States Code, of the Office of the Architect of the
24 Capitol, or of the Library of Congress.

25 “(j) Nothing in this section shall operate to deny cov-

1 erage under this Act to any person who was subject to this
2 Act on December 31, 1956.

3 "CREDITABLE SERVICE

4 "SEC. 3. (a) An employee's service for the purposes of
5 this Act including service as a substitute in the postal service
6 shall be credited from the date of original employment to the
7 date of the separation upon which title to annuity is based
8 in the civilian service of the Government. Credit shall
9 similarly be allowed for service in the Pan American Sani-
10 tary Bureau. No credit shall be allowed for any period
11 of separation from the service in excess of three calendar
12 days.

13 "(b) An employee shall be allowed credit for periods
14 of military service prior to the date of the separation upon
15 which title to annuity is based; however, if an employee is
16 awarded retired pay on account of military service, the
17 period of service upon which such retired pay is based shall
18 not be included, unless such retired pay is awarded on
19 account of a service-connected disability incurred in combat
20 with an enemy of the United States or resulting from an
21 explosion of an instrument of war or is awarded under title
22 III of Public Law 840, Eightieth Congress. A Member
23 shall be allowed credit for periods of military service, not
24 exceeding five years, plus any military service performed by
25 the Member upon leaving his office, for the purpose of per-

1 forming such service, during any war or national emergency
2 proclaimed by the President or declared by the Congress
3 and prior to his final separation from service as Member.
4 A Member may not receive credit for military service for
5 which credit is allowed for the purposes of retired pay under
6 any other provision of law. Nothing in this Act shall affect
7 the right of an employee or a Member to retired pay, pen-
8 sion, or compensation in addition to the annuity herein
9 provided.

10 “(c) Credit shall be allowed for leaves of absence
11 granted an employee while performing military service or
12 while receiving benefits under the Federal Employees’ Com-
13 pensation Act of September 7, 1916, as amended. Except
14 for a substitute in the postal service, there shall be excluded
15 from credit so much of any other leaves of absence without
16 pay as may exceed six months in the aggregate in any
17 calendar year.

18 “(d) An employee who during the period of any war,
19 or of any national emergency as proclaimed by the Presi-
20 dent or declared by the Congress, has left or leaves his posi-
21 tion to enter the military service shall not be considered, for
22 the purposes of this Act, as separated from his civilian posi-
23 tion by reason of such military service, unless he shall apply
24 for and receive a lump-sum benefit under this Act: *Pro-*

1 ~~vided~~, That such employee shall not be considered as retain-
2 ing his civilian position beyond December 31, 1956, or the
3 expiration of five years of such military service, whichever
4 is later.

5 “(e) The total service of an employee or Member shall
6 be the full years and twelfth parts thereof, excluding from
7 the aggregate the fractional part of a month, if any.

8 “(f) An employee must have completed at least five
9 years of civilian service before he shall be eligible for annuity
10 under this Act.

11 “(g) An employee or Member must have, within the
12 two-year period preceding any separation from service, com-
13 pleted at least one year of creditable civilian service during
14 which he was subject to this Act before he or his survivors
15 shall be eligible for annuity under this Act based on such
16 separation. Failure to meet this service requirement shall
17 not deprive the individual or his survivors of any annuity
18 rights which attached upon a previous separation.

19 “(h) An employee who (1) has at least six years’
20 Member service and (2) has served as Member at any time
21 after August 2, 1946, shall not be allowed credit for any
22 service which is used in the computation of an annuity under
23 section 9 (c).

24 “(i) Subject to the conditions contained in this subsec-
25 tion, any employee who is serving in a position within the

1 purview of this Act at the time of his retirement or death;
2 shall be allowed credit for all periods of service performed by
3 him as a project employee (other than an employee ap-
4 pointed from relief rolls) of a Federal relief agency, or in the
5 employ of a State, or any instrumentality thereof, exclusively
6 in the carrying out of programs authorized by Act of Con-
7 gress and financed in whole or in part by Federal funds, but
8 only if—

9 “(1) the performance of such service is certified, in
10 a form prescribed by the Civil Service Commission, by
11 the head, or by a person designated by the head, of the
12 department, agency, or independent establishment in the
13 executive branch of the Government of the United States
14 which administers the provisions of law authorizing the
15 performance of such service, or is otherwise established
16 to the satisfaction of the Commission;

17 “(2) the employee shall have to his credit a total
18 period of not less than five years of allowable service
19 under this Act, exclusive of service allowed by this
20 subsection;

21 “(3) the employee shall have deposited with inter-
22 est at 4 per centum per annum to December 31, 1947,
23 and 3 per centum per annum thereafter, compounded on
24 December 31 of each year, to the credit of the civil-
25 service retirement and disability fund a sum equal to the

1 aggregate of the amounts which would have been de-
 2 ducted from his basic salary, pay, or compensation dur-
 3 ing the period of service claimed under this subsection
 4 if during such period he had been subject to this Act;

5 ~~“(4) such period of service is excluded from credit~~
 6 ~~for the purposes of any annuity received by such em-~~
 7 ~~ployee from a State.~~

8 As used in this subsection the term “State” includes Alaska,
 9 Hawaii, and Puerto Rico.

10 ~~“DEDUCTIONS AND DEPOSITS~~

11 ~~“SEC. 4. (a) There shall be deducted from each em-~~
 12 ~~ployee’s and Member’s basic salary an amount equal to 6~~
 13 ~~per centum of such basic salary. The amounts so deducted~~
 14 ~~shall, under procedure prescribed by the Comptroller Gen-~~
 15 ~~eral of the United States, be deposited in the Treasury of~~
 16 ~~the United States to the credit of the fund. There shall~~
 17 ~~also be so credited all deposits made by employees or~~
 18 ~~Members under this section.~~

19 ~~“(b) Each employee or Member shall be deemed to~~
 20 ~~consent and agree to such deductions from basic salary, and~~
 21 ~~payment less such deductions shall be a full and complete~~
 22 ~~discharge and acquittance of all claims and demands whatso-~~
 23 ~~ever for all regular services during the period covered by~~
 24 ~~such payment, except the right to the benefits to which he~~

1 shall be entitled under this Act, notwithstanding any law,
2 rule, or regulation affecting the individual's salary.

3 “(c) Each employee or Member credited with civilian
4 service after July 31, 1920, for which, for any reason what-
5 soever, no retirement deductions or deposits have been made,
6 may deposit with interest an amount equal to the following
7 percentages of his basic salary received for such service:

	Percentage of basic salary	Service Period
Employee -----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	After June 30, 1948
Member for Mem- ber service.	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	After August 1, 1946

8 “(d) Each employee or Member who has received a
9 refund of retirement deductions under this or any other
10 retirement system established for employees of the Govern-
11 ment covering service for which he may be allowed credit
12 under this Act may deposit the amount received, with
13 interest. No credit shall be allowed for the service covered
14 by the refund until the deposit is made.

15 “(e) Interest under subsection (c) or (d) shall be
16 computed from the midpoint of each service period included
17 in the computation, or from the date refund was paid, to the
18 date of deposit or commencing date of annuity, whichever is
19 earlier. The interest shall be computed at the rate of 4 per
20 centum per annum to December 31, 1947, and 3 per centum

1 per annum thereafter, compounded annually. Such deposit
2 may be made in one or more installments.

3 “(f) Under such regulations as may be prescribed by
4 the Commission, amounts deducted under subsection (a) and
5 deposited under subsections (c) and (d) shall be entered
6 on individual retirement records.

7 “(g) No deposit shall be required for any service prior
8 to August 1, 1920, for periods of military service or for any
9 service for the Panama Railroad Company prior to January
10 1, 1924.

11 “MANDATORY SEPARATION

12 “SEC. 5. (a) Except as hereinafter provided, an em-
13 ployee shall be automatically separated from the service on
14 the last day of the month in which he attains the age of
15 seventy years, and all salary shall cease from that date.

16 “(b) Each employing office shall notify each employee
17 under its direction of the date of such separation from the
18 service at least sixty days in advance thereof: *Provided,*
19 That subsection (a) shall not take effect without the con-
20 sent of the employee until sixty days after he has been so
21 notified.

22 “(c) The President may, by Executive order, exempt
23 from automatic separation under this section any employee
24 when, in his judgment, the public interest so requires.

25 “(d) The automatic separation provisions of this section

1 shall not apply to any person named in any Act of Congress
2 providing for the continuance of such person in the service, to
3 any Member, to any congressional employee, or to any em-
4 ployee in the judicial branch within the classes made subject
5 to the Civil Service Retirement Act of May 29, 1930, as
6 amended by the Act of July 13, 1937.

7 ~~“IMMEDIATE RETIREMENT~~

8 ~~“SEC. 6 (a)~~ Any employee who attains the age of sixty
9 years and completes thirty years of service shall, upon sepa-
10 ration from the service, be paid an annuity computed as pro-
11 vided in section 9.

12 ~~“(b)~~ Any employee who completes thirty years of serv-
13 ice shall, upon separation from the service prior to attainment
14 of the age of sixty years, be paid a reduced annuity computed
15 as provided in section 9.

16 ~~“(c)~~ Any employee the duties of whose position are
17 primarily the investigation, apprehension, or detention of
18 persons suspected or convicted of offenses against the criminal
19 laws of the United States, including any employee engaged in
20 such activity who has been transferred to a supervisory or
21 administrative position, who attains the age of fifty years and
22 completes twenty years of service in the performance of such
23 duties, may, if the head of his department or agency recom-
24 mends his retirement and the Commission approves, volun-
25 tarily retire from the service, and be paid an annuity com-

1 puted as provided in section 9. The head of the department
2 or agency and the Commission shall give full consideration
3 to the degree of hazard to which such employee is subjected
4 in the performance of his duties, rather than the general
5 duties of the class of the position held by such employee.
6 The word 'detention' as used in this subsection shall be con-
7 strued to include the duties of all officers and employees in
8 the field service of the Bureau of Prisons, Federal Prison In-
9 dustries, Incorporated, and officers and employees of the Pub-
10 lic Health Service assigned to such field service, and all other
11 officers and employees of the Bureau of Prisons and Federal
12 Prison Industries, Incorporated, whose duties in connection
13 with persons in detention suspected or convicted of offenses
14 against the criminal laws of the United States, or the District
15 of Columbia, or against the punitive articles of the Uniform
16 Code of Military Justice, involve direct contact with such
17 persons in their direction, supervision, inspection, training, or
18 employment.

19 “(d) Any employee who completes twenty-five years
20 of service or who attains the age of fifty years and completes
21 twenty years of service shall upon involuntary separation
22 from the service not by removal for cause on charges of mis-
23 conduct or delinquency, be paid a reduced annuity computed
24 as provided in section 9.

25 “(e) Any employee who attains the age of sixty-two

1 years and completes five years of service shall, upon separa-
2 tion from the service, be paid an annuity computed as pro-
3 vided in section 9.

4 “(f) Any Member who attains the age of sixty-two
5 years and completes six years of Member service, or who
6 attains the age of sixty years and completes ten years of
7 Member service, shall, upon separation from the service, be
8 paid an annuity computed as provided in section 9. No
9 Member shall be entitled to receive an annuity under this
10 Act unless there shall have been deducted or deposited the
11 amounts specified in section 4 with respect to his last five
12 years of Member service.

13 “DISABILITY RETIREMENT

14 “SEC. 7. (a) Any employee who completes five years
15 of civilian service, and who is found by the Commission to
16 have become disabled shall, upon his own application or
17 upon application by his department or agency, be retired
18 on an annuity computed as provided in section 9. Any Mem-
19 ber who completes five years of Member service and who is
20 found by the Commission to have become disabled shall,
21 upon his own application, be retired on an annuity computed
22 as provided in section 9.

23 “(b) No claim shall be allowed under this section unless
24 the application is filed with the Commission prior to the sepa-

1 ration of the employee or Member from the service or within
2 one year thereafter. This time limitation may be waived by
3 the Commission for an individual who at the date of sepa-
4 ration from service or within one year thereafter is mentally
5 incompetent, if the application is filed with the Commission
6 within one year from the date of restoration of such individ-
7 ual to competency or the appointment of a fiduciary, which-
8 ever is the earlier.

9 “(c) Each annuitant retired under this section or under
10 section 6 of the Act of May 29, 1930, as amended, unless
11 his disability is permanent in character, shall at the expira-
12 tion of one year from the date of such retirement and annu-
13 ally thereafter, until reaching age sixty, be examined under
14 the direction of the Commission. If the annuitant fails to
15 submit to examination as required under this section, pay-
16 ment of the annuity shall be suspended until continuance of
17 the disability is satisfactorily established.

18 “(d) If such annuitant, before reaching age sixty, re-
19 covers from his disability or is restored to an earning capac-
20 ity fairly comparable to that in the position occupied at the
21 time of retirement, payment of the annuity shall cease (1)
22 upon reemployment by the Government, (2) one year from
23 the date of the medical examination showing such recovery,
24 or (3) one year from the date of determination that he is
25 so restored, whichever is earliest. Earning capacity shall

1 be deemed restored if in each of two succeeding calendar
2 years the income of the annuitant from wages or self-em-
3 ployment or both shall equal at least 80 per centum of his
4 salary immediately prior to retirement.

5 “(c) If such annuitant whose annuity is discontinued
6 under section (d) is not reemployed in any position in-
7 cluded in the provisions of this Act, he shall be considered,
8 except for service credit, as having been involuntarily sepa-
9 rated from the service for the purposes of this Act as of the
10 date of discontinuance of the disability annuity and shall,
11 after such discontinuance, be entitled to annuity in accord-
12 ance with the applicable provision of this Act.

13 “(f) No person shall be entitled to receive an annuity
14 under this Act and compensation for injury or disability to
15 himself under the Federal Employees' Compensation Act of
16 September 7, 1916, as amended, covering the same period
17 of time. This provision shall not bar the right of any claim-
18 ant to the greater benefit conferred by either Act for any
19 part of the same period of time. Neither this provision nor
20 any provision in such Act of September 7, 1916, as amended,
21 shall deny to any person an annuity accruing to such person
22 under this Act on account of service rendered by him, or
23 deny any concurrent benefit to such person under such Act
24 of September 7, 1916, as amended, on account of the death
25 of any other person.

1 “(g) Notwithstanding any provision of law to the con-
2 trary, the right of any person entitled to an annuity under
3 this Act shall not be affected because such person has received
4 an award of compensation in a lump sum under section 14
5 of the Act of September 7, 1916, as amended, except that
6 where such annuity is payable on account of the same dis-
7 ability for which compensation under such section has been
8 paid, so much of such compensation as has been paid for
9 any period extended beyond the date such annuity becomes
10 effective, as determined by the Department of Labor, shall
11 be refunded to the Department of Labor, to be covered into
12 the Federal Employees' Compensation Fund. Before such
13 person shall receive such annuity he shall (1) refund to such
14 Department the amount representing such commuted pay-
15 ments for such extended period, or (2) authorize the deduc-
16 tion of such amount from the annuity payable to him under
17 this Act, which amount shall be transmitted to such Depart-
18 ment for reimbursement to such fund. Deductions from such
19 annuity may be made from accrued and accruing payments,
20 or may be prorated against and paid from accruing payments
21 in such manner as the Department of Labor shall determine,
22 whenever it finds that the financial circumstances of the
23 annuitant are such as to warrant such deferred refunding.

1 “DEFERRED RETIREMENT

2 “SEC. 8. (a) Any employee who is separated from the
3 service after completing five years of civilian service may be
4 paid an annuity beginning at the age of sixty-two years com-
5 puted as provided in section 9.

6 “(b) Any Member who is separated from the service
7 after completing six years of Member service may be paid
8 an annuity beginning at the age of sixty-two years computed
9 as provided in section 9.

10 “COMPUTATION OF ANNUITY

11 “SEC. 9. (a) Except as otherwise provided in this sec-
12 tion, the annuity of an employee retiring under this Act shall
13 be the larger of (1) 2 per centum of the average salary mul-
14 tiplied by the total service, or (2) 1 per centum of the aver-
15 age salary, plus, \$25, multiplied by the total service: *Pro-*
16 *vided*, That the annuity shall not exceed 75 per centum of the
17 average salary: *Provided further*, That the annuity of an
18 employee retiring under section 7 shall be at least (1) 40
19 per centum of the average salary of (2) the sum obtained
20 under this subsection after increasing his total service by the
21 period elapsing between the date of separation and the date
22 he attains the age of seventy years, whichever is the lesser,
23 but this proviso shall not increase the annuity of any survivor.

1 ~~(b)~~ The annuity of a congressional employee retiring
 2 under this Act shall, if he so elects at the time his annuity
 3 commences, be ~~(1)~~ $2\frac{1}{2}$ per centum of the average salary
 4 multiplied by his military service and service as a congres-
 5 sional employee, not exceeding a total of fifteen years, plus
 6 ~~(2)~~ 2 per centum of the average salary multiplied by the
 7 remainder of his total service: *Provided*, That the annuity
 8 shall not exceed 75 per centum of the average salary. This
 9 subsection shall not apply unless the congressional employee
 10 ~~(1)~~ has had at least five years' service as a congressional
 11 employee, ~~(2)~~ has had deductions withheld from his salary
 12 or made deposit covering his last five years of civilian serv-
 13 ice, and ~~(3)~~ has served as a congressional employee during
 14 the last eleven months of his civilian service: *Provided*
 15 *further*, That the annuity of a congressional employee retir-
 16 ing under section 7 shall be at least ~~(1)~~ 40 per centum of
 17 the average salary or ~~(2)~~ the sum obtained under this sub-
 18 section after increasing his service as a congressional em-
 19 ployee by the period elapsing between the date of separation
 20 and the date he attains the age of seventy years, whichever
 21 is the lesser, but this provision shall not increase the annuity
 22 of any survivor.

23 “(e) The annuity of a Member retiring under this Act
 24 shall be an amount equal to—

25 “(1) $2\frac{1}{2}$ per centum of the average salary multi-

plied by the total of his Member and creditable military service;

“(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude; and

“(3) 2 per centum of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1) and (2), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 75 per centum of the average salary, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of seventy years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d), shall be reduced by one-twelfth of 1 per centum for each full month

1 not in excess of thirty, one-eighth of 1 per centum for each
2 full month in excess of thirty but not in excess of sixty, and
3 one-sixth of 1 per centum for each full month in excess of
4 sixty, such employee is under the age of sixty years at date
5 of separation.

6 “(e) The annuity as hereinbefore provided shall be
7 reduced by 10 per centum of any deposit described in section
8 4 (e) remaining unpaid.

9 “(f) Any employee or Member retiring under section
10 6, 7, or 8 may at the time of retirement elect a reduced
11 annuity, in lieu of the annuity as hereinbefore provided, and
12 designate in writing his wife or her husband to receive an
13 annuity after the retired individual's death computed as
14 provided in section 10 (a) (2). The annuity of the
15 employee or Member making such election, shall be reduced
16 by 10 per centum of so much thereof as exceeds \$4,000.

17 “(g) Any unmarried employee or Member retiring
18 under section 6 or 8 and found by the Commission to be in
19 good health, may at the time of retirement elect a reduced
20 annuity, in lieu of the annuity as hereinbefore provided, and
21 designate in writing a person having an insurable interest
22 in the employee or Member to receive an annuity after the
23 retired individual's death. The annuity payable to the
24 employee or Member making such election shall be reduced
25 by 10 per centum of an annuity computed as provided in

1 section 9 and by 5 per centum of an annuity so computed
 2 for each full five years the person designated is younger
 3 than the retiring employee or Member, but such total
 4 reduction shall not exceed 40 per centum.

5 “(h) The annuity as hereinbefore provided, for an
 6 employee who is a citizen of the United States, shall be
 7 increased by \$36 multiplied by total service in the employ
 8 of either the Alaska Engineering Commission or The Alaska
 9 Railroad in the Territory of Alaska between March 12, 1914,
 10 and July 1, 1923, or in the employ of either the Isthmian
 11 Canal Commission or the Panama Railroad Company on
 12 the Isthmus of Panama between May 4, 1904, and April 1,
 13 1914.

14 “SURVIVOR ANNUITIES

15 “SEC. 10. (a) (1) If a Member or employee dies after
 16 having retired under any provision of this Act and is sur-
 17 vived by a widow or widower, such widow or widower shall
 18 be paid an annuity equal to (1) 50 per centum of so much
 19 of an annuity computed as provided in subsections (a), (b),
 20 (c), (d), and (e) of section 9, as may apply with respect
 21 to the annuitant, as does not exceed \$4,000.

22 “(2) If a Member or employee dies after having retired
 23 under any provision of this Act and is survived by a widow
 24 or widower designated under section 9 (f) such widow or

1 widower shall be paid an annuity ~~(in addition to any annuity~~
2 ~~payable under paragraph (1))~~ equal to 50 per centum of
3 so much of an annuity computed as provided in subsections
4 ~~(a), (b), (c), (d), and (e)~~ of section 9, as may apply
5 with respect to the annuitant, as exceeds \$4,000.

6 “~~(3)~~ An annuity computed under this subsection shall
7 begin on the first day of the month in which the retired em-
8 ployee dies, and such annuity or any right thereto shall ter-
9 minate upon the survivor's death or remarriage.

10 “~~(b)~~ The annuity of a survivor designated under see-
11 tion 9 ~~(g)~~ shall be 50 per centum of the reduced annuity
12 computed as provided in subsections ~~(a), (b), (c), (d),~~
13 ~~(e), and (g)~~ of section 9 as may apply with respect to the
14 annuitant. The annuity of such survivor shall begin on the
15 first day of the month in which the retired employee dies,
16 and such annuity or any right thereto shall terminate upon
17 the survivor's death.

18 “~~(c)~~ If an employee dies after completing at least five
19 years of civilian service, or a Member dies after completing
20 at least five years of Member service, the widow or depend-
21 ent widower of such employee or Member shall be paid an
22 annuity equal to 50 per centum of an annuity computed as
23 provided in subsections ~~(a), (b), (c), and (e)~~ of section
24 9 as may apply with respect to the employee or Member.
25 The annuity of such widow or dependent widower shall

1 begin on the first day of the month after the employee or
2 annuitant dies, and such annuity or any right thereto shall
3 terminate upon death or remarriage of the widow or wid-
4 ower, or upon the widower's becoming capable of self-sup-
5 port.

6 “(d) If an employee dies after completing five years
7 of civilian service or a Member dies after completing five
8 years of Member service, or an employee or Member dies
9 after having retired under any provision of the Act, and is
10 survived by a widow or dependent widower, each surviving
11 child shall be paid an annuity equal to the smallest of (1)
12 25 per centum of an annuity computed as provided in sub-
13 sections (a), (b), (c), and (e) of section 9 as may apply
14 with respect to the employee or Member, (2) \$1,200
15 divided by the number of such children, or (3) \$480. If
16 such employee or Member is not survived by a widow or
17 dependent widower, each surviving child shall be paid an
18 annuity equal to the smallest of (1) 50 per centum of an
19 annuity computed as provided in subsections (a), (b), (c),
20 and (e) of section 9 as may apply with respect to the em-
21 ployee or Member, (2) \$1,600 divided by the number of
22 such children, or (3) \$640. The child's annuity shall be-
23 gin on the first day of the month after the employee or
24 Member dies, and such annuity or any right hereto shall
25 terminate upon (1) his attaining age eighteen unless in-

1 capable of self-support, ~~(2)~~ his becoming capable of self-
 2 support after age eighteen, ~~(3)~~ his marriage, or ~~(4)~~ his
 3 death. Upon the death of the widow or dependent widower
 4 or termination of the annuity of the child, the annuity of
 5 any other child or children shall be recomputed and paid as
 6 though such widow, dependent widower, or child had not
 7 survived the employee or Member.

8 "LUMP-SUM BENEFITS

9 "SEC. 11. (a) Any employee who is separated or
 10 transferred to a position not within the purview of this Act
 11 after he has completed five but less than twenty years of
 12 service, and any Member who is separated or transferred to
 13 a position not within the purview of this Act after he has
 14 completed six but less than twenty years of Member service,
 15 shall upon application therefor be paid the lump-sum credit.
 16 Any employee who is separated or transferred to a position
 17 not within the purview of this Act before he has completed
 18 five years' service, and any Member who is separated or
 19 transferred to a position not within the purview of this Act
 20 before he has completed six years of Member service, shall
 21 be paid the lump-sum credit. The receipt of payment of the
 22 lump-sum credit by the individual shall void all annuity
 23 rights under this Act, unless and until he shall be reemployed
 24 in the service subject to this Act.

25 "(b) Each present or former employee or Member may,

1 under regulations prescribed by the Commission, designate a
2 beneficiary or beneficiaries for the purposes of this Act.

3 “(c) Lump-sum benefits authorized under subsections
4 (d), (e), and (f) of this section shall be paid in the follow-
5 ing order of precedence to such person or persons surviving
6 the employee or Member and alive at the date title to the
7 payment arises, and such payment shall be a bar to recovery
8 by any other person:

9 “First, to the beneficiary or beneficiaries designated by
10 the employee or Member in a writing received in the Com-
11 mission prior to his death;

12 “Second, if there be no such beneficiary, to the widow
13 or widower of the employee or Member;

14 “Third, if none of the above, to the child or children of
15 the employee or Member and descendants of deceased chil-
16 dren by representation;

17 “Fourth, if none of the above, to the parents of the
18 employee or Member or the survivor of them;

19 “Fifth, if none of the above, to the duly appointed
20 executor or administrator of the estate of the employee or
21 Member.

22 “Sixth, if none of the above, to other next of kin of the
23 employee or Member as may be determined by the Commis-
24 sion to be entitled under the laws of the domicile of the
25 individual at the time of his death.

1 “(d) If a present or former employee or Member not
2 retired dies (1) without a survivor, or (2) with a survivor
3 or survivors and the right of all survivors shall terminate
4 before claim for survivor annuity is filed, the lump-sum
5 credit shall be paid.

6 “(e) If all annuity rights under this Act based on the
7 service of a deceased employee or Member shall terminate be-
8 fore the total annuity paid equals the lump-sum credit, the
9 difference shall be paid.

10 “(f) If an annuitant dies, any annuity accrued and un-
11 paid shall be paid.

12 “(g) Any annuity accrued and unpaid upon the termi-
13 nation (other than by death) of the annuity of any annuitant
14 or survivor annuitant shall be paid to such person. Any
15 survivor annuity accrued and unpaid upon the death of any
16 survivor annuitant shall be paid in the following order of
17 precedence, and such payment shall be a bar to recovery by
18 any other person:

19 “First, to the duly appointed executor or administrator
20 of the estate of the survivor annuitant;

21 “Second, if there is no such executor or administrator,
22 payment may be made, after the expiration of thirty days
23 from the date of death of such survivor annuitant, to such
24 next of kin of the survivor annuitant as may be determined

1 by the Commission to be entitled under the laws of the
2 survivor annuitant's domicile at the time of his death.

3 "ADDITIONAL ANNUITIES

4 SEC. 12. (a) Any employee or Member may, under
5 regulations prescribed by the Commission, voluntarily con-
6 tribute additional sums in multiples of \$25, but the total
7 may not exceed 10 per centum of his basic salary for his
8 creditable service from and after August 1, 1920. The
9 voluntary contribution account in each case shall be the
10 sum of such unrefunded contributions, plus interest at 3
11 per centum per annum compounded annually to date of
12 separation or transfer to a position not within the purview
13 of this Act or, in the case of an individual who is separated
14 with title to a deferred annuity and does not claim the
15 voluntary contribution account, to the commencing date fixed
16 for such deferred annuity or date of death whichever is
17 earlier.

18 "(b) Such voluntary contribution account shall be used
19 to purchase at retirement an annuity in addition to the
20 annuity otherwise provided. For each \$100 in such volun-
21 tary contribution account, the additional annuity shall con-
22 sist of \$7, increased by 20 cents for each full year, if any,
23 such employee or Member is over the age of fifty-five years
24 at the date of retirement.

25 "(c) A retiring employee or Member may elect a

1 reduced additional annuity in lieu of the additional annuity
2 described in subsection (b) and designate in writing a
3 person to receive after his death an annuity of 50 per centum
4 of his reduced additional annuity. The additional annuity
5 of the employee or Member making such election shall be
6 reduced by 10 per centum, and by 5 per centum for each
7 full five years the person designated is younger than the
8 retiring employee or Member, but such total reduction shall
9 not exceed 40 per centum.

10 “(d) Any employee or Member who is separated from
11 the service before becoming eligible for immediate or de-
12 ferred annuity or who transfers to a position wherein he
13 does not continue subject to this Act shall be paid the
14 voluntary contribution account. Any employee or Member
15 who is separated from the service after becoming eligible
16 for a deferred annuity under section 8 may elect to receive,
17 in lieu of additional annuity, the voluntary contribution
18 account, provided his separation occurs and application for
19 payment is filed with the Commission at least thirty-one
20 days before the commencing date of annuity.

21 “(e) If any present or former employee or Member
22 not retired dies, the voluntary contribution account shall be
23 paid under the provisions of section 11 (e). If all addi-
24 tional annuities or any right thereto based on the voluntary
25 contribution account of a deceased employee or Member

1 terminate before the total additional annuity paid equals such
 2 account; the difference shall be paid under the provisions
 3 of section 11 (e).

4 "REEMPLOYMENT OF ANNUITANTS

5 "SEC. 13. (a) Notwithstanding any other provision of
 6 law, an annuitant under this Act shall not, by reason of his
 7 retired status, be barred from employment in any appointive
 8 position for which he is qualified. An annuitant so reem-
 9 ployed shall serve at the will of the appointing officer.

10 "(b) If an annuitant under this Act other than (1) a
 11 disability annuitant whose annuity is terminated by reason
 12 of his recovery or restoration of earning capacity; or (2) a
 13 Member retired under this Act, is employed in an appointive
 14 or elective position subject to this Act, annuity payments
 15 shall be discontinued during such employment and deduc-
 16 tions for the retirement fund shall be withheld from his
 17 salary. If such annuitant performs actual full-time service
 18 for a period of at least one year, his right to future annuity
 19 shall be determined upon the basis of the law in effect at the
 20 time of termination of such period of employment and service
 21 performed during such period shall be credited for such pur-
 22 pose. If such annuitant does not perform actual full-time
 23 service for a period of at least one year, his annuity pay-
 24 ments shall be resumed in the same amount and amounts

1 deducted from his salary during such period of employment
2 shall be returned upon the expiration of such period.

3 “(c) If a Member retired under this Act is employed
4 in an appointive or elective position, annuity payments shall
5 be discontinued during such employment and resumed in
6 the same amount upon termination of such employment:
7 *Provided*, That if such retired Member takes office as Mem-
8 ber and gives notice as provided in section 2 (c), his service
9 as Member during such period shall be credited in determin-
10 ing his right to and the amount of his subsequent annuity.

11 “PAYMENT OF BENEFITS

12 “SEC. 14. (a) Each annuity is stated as an annual
13 amount, one-twelfth of which, fixed at the nearest dollar,
14 accrues monthly and is payable on the first business day of
15 the month after it accrues.

16 “(b) Except as otherwise provided, the annuity of an
17 employee shall commence on the first of the month after
18 separation from the service, or on the first of the month after
19 salary ceases provided the employee meets the service and
20 the age or disability requirements for title to annuity at that
21 time. The annuity of a Member or of an elected officer of
22 the Senate or House of Representatives shall commence on
23 the day following the day on which salary shall cease pro-
24 vided the person entitled to such annuity meets the service
25 and the age or disability requirements for title to annuity at

1 that time. The annuity of an employee or Member under
2 section 8 shall commence on the first of the month after
3 the occurrence of the event on which payment of the annuity
4 is based.

5 “(c) An annuity shall terminate on the last day of the
6 month preceding the month in which death or any other
7 terminating event provided in this Act occurs.

8 “(d) Any person entitled to annuity from the fund may
9 decline to accept all or any part of such annuity by a waiver
10 signed and filed with the Commission. Such waiver may be
11 revoked in writing at any time, but no payment of the
12 annuity waived shall be made covering the period during
13 which such waiver was in effect.

14 “(e) Where any payment is due a minor, or a person
15 mentally incompetent or under other legal disability, such
16 payment may be made to the person who is constituted guard-
17 ian or other fiduciary by the law of the State of residence
18 of such claimant or is otherwise legally vested with the care
19 of the claimant or his estate: *Provided*, That where no guard-
20 ian or other fiduciary of the person under legal disability
21 has been appointed under the laws of the State of residence
22 of the claimant, payment may be made to any person who in
23 the judgment of the Commission is responsible for the care
24 of the claimant, and such payment shall be a bar to recovery
25 by any other person.

1 ~~“EXEMPTION FROM LEGAL PROCESSES~~

2 ~~“SEC. 15. (a)~~ None of the moneys mentioned in this
3 Act shall be assignable, either in law or equity, or be subject
4 to execution, levy, attachment, garnishment, or other legal
5 process.

6 ~~“(b)~~ Notwithstanding any other provision of law, there
7 shall be no recovery of any payments under this Act from
8 any person when, in the judgment of the Commission, such
9 person is without fault and such recovery would be contrary
10 to equity and good conscience; nor shall there be any with-
11 holding of recovery of any moneys mentioned in this Act on
12 account of any certification or payment made by any former
13 employee of the United States in the discharge of his official
14 duties unless the head of the department or agency on behalf
15 of which the certification or payment was made certifies to
16 the Commission that such certification or payment involved
17 fraud on the part of such employee.

18 ~~“ADMINISTRATION~~

19 ~~“SEC. 16. (a)~~ This Act shall be administered by the
20 Commission. Except as otherwise specifically provided
21 herein, the Commission is hereby authorized and directed to
22 perform, or cause to be performed, any and all acts and to
23 make such rules and regulations as may be necessary and
24 proper for the purpose of carrying the provisions of this
25 Act into full force and effect.

1 “(b) Applications under this Act shall be in such form
2 as the Commission shall prescribe, and shall be supported by
3 such certificates from departments or agencies as the Com-
4 mission may deem necessary to the determination of the
5 rights of applicants. The Commission shall adjudicate all
6 claims under this Act.

7 “(c) Questions of dependency and disability arising
8 under this Act shall be determined by the Commission and
9 its decisions with respect to such matters shall be final and
10 conclusive and shall not be subject to review. The Com-
11 mission may order or direct at any time such medical or
12 other examinations as it shall deem necessary to determine
13 the facts relative to the disability or dependency of any
14 person receiving or applying for annuity under this Act,
15 and may suspend or deny any such annuity for failure to
16 submit to any such examination.

17 “(d) An appeal to the Commission shall lie from any
18 administrative action or order affecting the rights or interests
19 of any person or of the United States under this Act, the
20 procedure on appeal to be prescribed by the Commission.

21 “(e) Fees for examinations made under the provisions
22 of this Act, by physicians or surgeons who are not medical
23 officers of the United States, shall be fixed by the Commis-
24 sion, and such fees, together with reasonable traveling and
25 other expenses incurred in connection with such examinations

1 shall be paid out of the appropriations for the cost of adminis-
2 tering this Act.

3 “(f) The Commission shall publish an annual report
4 upon the operations of this Act.

5 “(g) The Commission is hereby authorized and directed
6 to select three actuaries, to be known as the Board of Actu-
7 aries of the Civil Service Retirement System. It shall be the
8 duty of such Board to report annually upon the actuarial
9 status of the system and to furnish its advice and opinion
10 on matters referred to it by the Commission, and it shall have
11 the authority to recommend to the Commission and to the
12 Congress such changes as in the Board's judgment may be
13 deemed necessary to protect the public interest and maintain
14 the system upon a sound financial basis. The Commission
15 shall keep or cause to be kept such records as it deems neces-
16 sary for making periodic actuarial valuations of the Civil
17 Service Retirement System, and the Board shall make such
18 valuations at intervals of five years, or oftener if deemed
19 necessary by the Commission. The compensation of the
20 members of the Board of Actuaries, exclusive of such
21 members as are in the employ of the United States, shall
22 be fixed by the Commission.

23 “SHORT TITLE

24 “SEC. 17. This Act may be cited as the ‘Civil Service
25 Retirement Act.’”

1 SEC. 2. ~~(a)~~ On and after the effective date of this Act
2 persons employed as members of the civilian faculties of the
3 United States Naval Academy and the United States Naval
4 Postgraduate School shall be included within the terms of
5 the Civil Service Retirement Act, and on and after that
6 date of the Act of January 16, 1936 (49 Stat. 1092), as
7 amended, shall not apply to such persons.

8 ~~(b)~~ In lieu of the deposit prescribed by section ~~4~~ ~~(c)~~
9 of the Civil Service Retirement Act, an employee who by
10 virtue of subsection ~~(a)~~ is included within the terms of
11 such Act shall deposit, for service rendered prior to the
12 effective date of this Act as a member of the civilian faculty
13 of the United States Naval Academy or of the United States
14 Naval Postgraduate School, a sum equal to so much of the
15 repurchase price of his annuity policy carried as required
16 by the Act of January 16, 1936, as amended, as is based
17 on the monthly allotments which were registered with the
18 Navy Allotment Office toward the purchase of that annuity,
19 the deposit to be made within six months after the effective
20 date of this Act. Should the deposit not be made within
21 that period no credit shall be allowed under the Civil Service
22 Retirement Act for service rendered as a member of the
23 civilian faculty of the United States Naval Academy or of
24 the United States Naval Postgraduate School subsequent to
25 July 31, 1920, and prior to the effective date of this Act.

1 SEC. 3. The amendment approved September 30, 1949
2 (~~Public Law 310, Eighty-first Congress~~), to section 4 (b)
3 of the Civil Service Retirement Act of May 29, 1930, as
4 amended, insofar as it relates to the amount of the reduction
5 in the annuities of officers and employees who elect to re-
6 ceive reduced annuities under such section, shall take effect
7 as of April 1, 1948, but no increase in annuity shall be
8 payable by reason of such amendment, to those who retired
9 on or after April 1, 1948, and prior to October 1, 1949, for
10 any period prior to the first day of the first month which
11 begins after the effective date of this Act.

CONTINUATION OF PRIOR RIGHTS

13 SEC. 4. Except as otherwise provided, the amendments
14 made by this Act shall not apply in the case of employees or
15 Members retired or otherwise separated prior to its effective
16 date, and the rights of such persons and their survivors shall
17 continue in the same manner and to the same extent as if
18 this Act had not been enacted.

EFFECTIVE DATE

20 SEC. 5. This Act shall take effect on January 1, 1957.

SHORT TITLE

22 SEC. 6. This Act may be cited as the "Civil Service
23 Retirement Act Amendments of 1956."

24 *That the Civil Service Retirement Act of May 29, 1930, as*
25 *amended, is amended to read as follows:*

1 “DEFINITIONS

2 “SEC. 1. *Wherever used in this Act—*

3 “(a) *The term ‘employee’ shall mean a civilian officer*
4 *or employee in or under the Government and, except for*
5 *purposes of section 2, shall mean a person to whom this Act*
6 *applies.*

7 “(b) *The term ‘Member’ shall mean the Vice Presi-*
8 *dent, a United States Senator, Representative in Congress,*
9 *Delegate from a Territory, or the Resident Commissioner*
10 *from Puerto Rico, and, except for purposes of section 2,*
11 *shall mean a Member to whom this Act applies.*

12 “(c) *The term ‘congressional employee’ means an em-*
13 *ployee of the Senate or House of Representatives or of a*
14 *committee of either House, an employe of a joint committee*
15 *of the two Houses, an elected officer of the Senate or House*
16 *of Representatives who is not a Member of either House, the*
17 *Legislative Counsel of the Senate and the Legislative Counsel*
18 *of the House of Representatives and the employees in their*
19 *respective offices, an Official Reporter of Debates of the Senate*
20 *and a person employed by the Official Reporters of Debates*
21 *of the Senate in connection with the performance of their*
22 *official duties, a member of the Capitol Police force, an em-*
23 *ployee of the Vice President if such employee’s compensation*
24 *is disbursed by the Secretary of the Senate, and an em-*
25 *ployee of a Member if such employee’s compensation is dis-*

1 *bursed by the Secretary of the Senate or the Clerk of the*
2 *House of Representatives.*

3 “(d) The term ‘basic salary’ shall not include bonuses,
4 allowances, overtime pay, military pay, or salary, pay, or
5 compensation given in addition to the base pay of the position
6 as fixed by law or regulation: Provided, That for employees
7 paid on a fee basis, the maximum amount of basic salary
8 which may be used shall be \$10,000 per annum. For a
9 Member, the term ‘basic salary’ shall include, from April 1,
10 1954, to February 28, 1955, the amount received as expense
11 allowance under section 601 (b) of the Legislative Reorgan-
12 ization Act of 1946, as amended, and such amount from
13 January 3, 1953, to March 31, 1954, provided deposit is
14 made thereon as provided in section 4.

15 “(e) The term ‘average salary’ shall mean the largest
16 annual rate resulting from averaging, over any period of
17 five consecutive years of creditable service, a Member’s or
18 an employee’s rates of basic salary in effect during such
19 period, with each rate weighted by the time it was in effect.

20 “(f) The term ‘fund’ shall mean the civil service retire-
21 ment and disability fund created by the Act of May 22,
22 1920.

23 “(g) The terms ‘disabled’ and ‘disability’ shall mean
24 totally disabled for useful and efficient service in the grade or
25 class of position last occupied by the employee or Member

1 by reason of disease or injury not due to vicious habits, in-
2 temperance, or willful misconduct on his part within the
3 five years next prior to becoming so disabled.

4 “(h) The term ‘widow’, for purposes of section 10,
5 shall mean the surviving wife of an employee or Member
6 who was married to such individual for at least two years
7 immediately preceding his death or is the mother of issue
8 by such marriage.

9 “(i) The term ‘widower’, for purposes of section 10,
10 shall mean the surviving husband of an employee or Member
11 who was married to such employee or Member for at least
12 two years immediately preceding her death or is the father
13 of issue by such marriage. The term ‘dependent widower’,
14 for purposes of section 10, shall mean a ‘widower’ who is
15 incapable of self-support by reason of mental or physical
16 disability, and who received more than one-half his support
17 from such employee or Member.

18 “(j) The term ‘child’, for purposes of section 10, shall
19 mean an unmarried child, including (1) an adopted child,
20 and (2) a stepchild or recognized natural child who received
21 more than one-half his support from and lived with the Mem-
22 ber or employee in a regular parent-child relationship, under
23 the age of eighteen years, or such unmarried child regardless
24 of age who because of physical or mental disability incurred
25 before age eighteen is incapable of self-support.

1 “(k) The term ‘Government’ shall mean the executive,
2 judicial, and legislative branches of the United States Gov-
3 ernment, including Government-owned or controlled cor-
4 porations and Gallaudet College, and the municipal govern-
5 ment of the District of Columbia.

6 “(l) The term ‘lump-sum credit’ shall mean the unre-
7 funded amount consisting of (1) the retirement deductions
8 made from the basic salary of an employee or Member, (2)
9 any sums deposited by an employee or Member covering
10 prior service, and (3) interest on such deductions and de-
11 posits at 4 per centum per annum to December 31, 1947,
12 and 3 per centum per annum thereafter compounded annu-
13 ally to December 31, 1956. The lump-sum credit shall not
14 include interest if the service covered thereby aggregates one
15 year or less, nor shall it include interest for the fractional
16 part of a month in the total service.

17 “(m) The term ‘Commission’ shall mean the United
18 States Civil Service Commission.

19 “(n) The term ‘annuitant’ shall mean any former em-
20 ployee or Member who, on the basis of his service, has met
21 all requirements of the Act for title to annuity and has filed
22 claim therefor.

23 “(o) The term ‘survivor’ shall mean a person who is
24 entitled to annuity under this Act based on the service of a
25 deceased employee or Member or of a deceased annuitant.

1 “(p) The term ‘survivor annuitant’ shall mean a sur-
2 vivor who has filed claim for annuity.

3 “(q) The term ‘service’ shall mean employment which
4 is creditable under section 3.

5 “(r) The term ‘military service’ shall mean honorable
6 active service in the Army, Navy, Air Force, Marine Corps,
7 or Coast Guard of the United States, but shall not include
8 service in the National Guard except when ordered to active
9 duty in the service of the United States.

10 “(s) The term ‘Member service’ shall mean service as
11 a Member and shall include the period from the date of the
12 beginning of the term for which the Member is elected or
13 appointed to the date on which he takes office as Member.

14 “COVERAGE

15 “SEC. 2. (a) This Act shall apply to each employee and
16 Member, except as hereinafter provided.

17 “(b) This Act shall not apply to the President, to any
18 judge of the United States as defined under section 451 of
19 title 28 of the United States Code, or to any employee of the
20 Government subject to another retirement system for Gov-
21 ernment employees.

22 “(c) This Act shall not apply to any Member or to any
23 congressional employee until he gives notice in writing,
24 within six months after the date of entrance into the serv-

1 ice, to the officer by whom his salary is paid, of his desire to
2 come within the purview of this Act.

3 “(d) This Act shall not apply to any temporary con-
4 gressional employee unless such employee is appointed at
5 an annual rate of salary and gives notice in writing, within
6 six months after the date of entrance into the service, to
7 the officer by whom his salary is paid, of his desire to come
8 within the purview of this Act.

9 “(e) The Commission may exclude from the operation
10 of this Act any employee or group of employees in the ex-
11 ecutive branch of the United States Government, or of the
12 District of Columbia government upon recommendation by
13 its Commissioners, whose tenure of office or employment is
14 temporary or intermittent, except that no employee shall be
15 excluded under this subsection after he shall have had more
16 than nine months’ continuous service.

17 “(f) This Act shall not apply to any temporary em-
18 ployee of the Administrative Office of the United States
19 Courts, of the courts specified in section 610 of title 28 of the
20 United States Code, of the Office of the Architect of the
21 Capitol, or of the Library of Congress.

22 “CREDITABLE SERVICE

23 “SEC. 3. (a) An employee’s service for the purposes of
24 this Act including service as a substitute in the postal service
25 shall be credited from the date of original employment to the

1 date of the separation upon which title to annuity is based
2 in the civilian service of the Government. Credit shall
3 similarly be allowed for service in the Pan American Sani-
4 tary Bureau. No credit shall be allowed for any period
5 of separation from the service in excess of three calendar
6 days.

7 “(b) An employee shall be allowed credit for periods
8 of military service prior to the date of the separation upon
9 which title to annuity is based; however, if an employee is
10 awarded retired pay on account of military service, the
11 period of service upon which such retired pay is based shall
12 not be included, unless such retired pay is awarded on
13 account of a service-connected disability incurred in combat
14 with an enemy of the United States or resulting from an
15 explosion of an instrument of war or is awarded under title
16 III of Public Law 810, Eightieth Congress. A Member
17 shall be allowed credit for periods of military service, not
18 exceeding five years, plus any military service performed by
19 the Member upon leaving his office, for the purpose of per-
20 forming such service, during any war or national emergency
21 proclaimed by the President or declared by the Congress
22 and prior to his final separation from service as Member.
23 A Member may not receive credit for military service for
24 which credit is allowed for the purposes of retired pay under
25 any other provision of law. Nothing in this Act shall affect

1 the right of an employee or a member to retired pay, pen-
2 sion, or compensation in addition to the annuity herein
3 provided.

4 “(c) Credit shall be allowed for leaves of absence
5 granted an employee while performing military service or
6 while receiving benefits under the Federal Employees’ Com-
7 pensation Act of September 7, 1916, as amended. Except
8 for a substitute in the postal service, there shall be excluded
9 from credit so much of any other leaves of absence without
10 pay as may exceed six months in the aggregate in any
11 calendar year.

12 “(d) An employee who during the period of any war,
13 or of any national emergency as proclaimed by the Presi-
14 dent or declared by the Congress, has left or leaves his posi-
15 tion to enter the military service shall not be considered, for
16 the purposes of this Act, as separated from his civilian posi-
17 tion by reason of such military service, unless he shall apply
18 for and receive a lump-sum benefit under this Act.

19 “(e) The total service of an employee or Member shall
20 be the full years and twelfth parts thereof, excluding from
21 the aggregate the fractional part of a month, if any.

22 “(f) An employee must have completed at least five
23 years of civilian service before he shall be eligible for annuity
24 under this Act.

25 “(g) An employee or Member must have, within the

1 two-year period preceding any separation from service, other
2 than a separation by reason of death or disability, com-
3 pleted at least one year of creditable civilian service during
4 which he was subject to this Act before he or his survivors
5 shall be eligible for annuity under this Act based on such
6 separation. Failure to meet this service requirement shall
7 not deprive the individual or his survivors of any annuity
8 rights which attached upon a previous separation.

9 “(h) An employee who (1) has at least five years’
10 Member service and (2) has served as Member at any time
11 after August 2, 1946, shall not be allowed credit for any
12 service which is used in the computation of an annuity under
13 section 9 (c).

14 “DEDUCTIONS AND DEPOSITS

15 “SEC. 4. (a) From and after the first day of the first
16 pay period which begins after December 31, 1956, there
17 shall be deducted and withheld from each employee’s and
18 Member’s basic salary an amount equal to 7 per centum of
19 such basic salary. From and after the first day of the first
20 pay period which begins after June 30, 1957, an equal
21 sum shall also be contributed from the respective appropria-
22 tion or fund which is used for payment of his salary, pay
23 or compensation, or in the case of an elected official, from
24 such appropriation or fund as may be available for payment
25 of other salaries of the same office or establishment. The

1 amounts so deducted and withheld by each department or
2 agency, together with the amounts so contributed, shall, in
3 accordance with such procedures as may be prescribed by
4 the Comptroller General of the United States, be deposited
5 by the department or agency in the Treasury of the United
6 States to the credit of the fund. There shall also be so
7 credited all deposits made by employees or Members under
8 this section. Amounts contributed under this subsection from
9 appropriations of the Post Office Department shall not be
10 considered as costs of providing postal service for the purpose
11 of establishing postal rates.

12 “(b) Each employee or Member shall be deemed to
13 consent and agree to such deductions from basic salary, and
14 payment less such deductions shall be a full and complete
15 discharge and acquittance of all claims and demands whatso-
16 ever for all regular services during the period covered by
17 such payment, except the right to the benefits to which he
18 shall be entitled under this Act, notwithstanding any law,
19 rule, or regulation affecting the individual's salary.

20 “(c) Each employee or Member credited with civilian
21 service after July 31, 1920, for which, for any reason what-
22 soever, no retirement deductions or deposits have been made,
23 may deposit with interest an amount equal to the following
24 percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee -----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to December 31, 1956
	7-----	After December 31, 1956
Member for Mem- 2½-----	ber service.	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946, to December 31, 1956
	7-----	After December 31, 1956

1 “(d) Each employee or Member who has received a
2 refund of retirement deductions under this or any other
3 retirement system established for employees of the Govern-
4 ment covering service for which he may be allowed credit
5 under this Act may deposit the amount received, with
6 interest. No credit shall be allowed for the service covered
7 by the refund until the deposit is made.

8 “(e) Interest under subsection (c) or (d) shall be
9 computed from the midpoint of each service period included
10 in the computation, or from the date refund was paid, to the
11 date of deposit or commencing date of annuity, whichever is
12 earlier. The interest shall be computed at the rate of 4 per
13 centum per annum to December 31, 1947, and 3 per centum
14 per annum thereafter compounded annually. Such deposit
15 may be made in one or more installments.

16 “(f) Under such regulations as may be prescribed by
17 the Commission, amounts deducted under subsection (a) and
18 deposited under subsections (c) and (d) shall be entered
19 on individual retirement records.

1 “(g) No deposit shall be required for any service prior
2 to August 1, 1920, for periods of military service or for any
3 service for the Panama Railroad Company prior to January
4 1, 1924.

5 “MANDATORY SEPARATION

6 “SEC. 5. (a) Except as hereinafter provided, an em-
7 ployee who shall have attained the age of seventy years and
8 completed fifteen years of service shall be automatically
9 separated from the service. Such separation shall be effective
10 on the last day of the month in which such employee attains
11 the age of seventy years or completes fifteen years of service if
12 then beyond such age, and all salary shall cease from that day.

13 “(b) Each employing office shall notify each employee
14 under its direction of the date of such separation from the
15 service at least sixty days in advance thereof: Provided,
16 That subsection (a) shall not take effect without the con-
17 sent of the employee until sixty days after he has been so
18 notified.

19 “(c) The President may, by Executive order, exempt
20 from automatic separation under this section any employee
21 when, in his judgment, the public interest so requires.

22 “(d) The automatic separation provisions of this section
23 shall not apply to any person named in any Act of Congress
24 providing for the continuance of such person in the service, to
25 any Member, to any congressional employee, or to any em-

1 *ployee in the judicial branch within the classes made subject*
2 *to the Civil Service Retirement Act of May 29, 1930, as*
3 *amended, by the Act of July 13, 1937.*

4 “(e) *In the case of an officer or employee of The Alaska*
5 *Railroad, Territory of Alaska, or an officer or employee who*
6 *is a citizen of the United States employed on the Isthmus of*
7 *Panama by the Panama Canal or the Panama Railroad*
8 *Company, the provisions of this section shall apply upon his*
9 *attaining the age of sixty-two years and completing fifteen*
10 *years of service on the Isthmus of Panama or in the Terri-*
11 *tory of Alaska.*

12 “IMMEDIATE RETIREMENT

13 “SEC. 6. (a) *Any employee who attains the age of sixty*
14 *years and completes thirty years of service shall, upon sepa-*
15 *ration from the service, be paid an annuity computed as pro-*
16 *vided in section 9.*

17 “(b) *Any employee who completes thirty years of serv-*
18 *ice shall, upon separation from the service prior to attain-*
19 *ment of the age of sixty years, be paid a reduced annuity*
20 *computed as provided in section 9.*

21 “(c) *Any employee the duties of whose position are*
22 *primarily the investigation, apprehension, or detention of*
23 *persons suspected or convicted of offenses against the criminal*
24 *laws of the United States, including any employee engaged*
25 *in such activity who has been transferred to a supervisory or*

1 administrative position, who attains the age of fifty years and
2 completes twenty years of service in the performance of such
3 duties, may, if the head of his department or agency recom-
4 mends his retirement and the Commission approves, volun-
5 tarily retire from the service, and be paid an annuity com-
6 puted as provided in section 9 (i). The head of the depart-
7 ment or agency and the Commission shall give full considera-
8 tion to the degree of hazard to which such employee is
9 subjected in the performance of his duties, rather than the
10 general duties of the class of the position held by such
11 employee.

12 “(d) Any employee who completes twenty-five years
13 of service or who attains the age of fifty years and completes
14 twenty years of service shall upon involuntary separation
15 from the service not by removal for cause on charges of mis-
16 conduct or delinquency, be paid a reduced annuity computed
17 as provided in section 9.

18 “(e) Any employee who attains the age of sixty-two
19 years and completes five years of service shall, upon separa-
20 tion from the service, be paid an annuity computed as pro-
21 vided in section 9.

22 “(f) Any Member who attains the age of sixty-two
23 years and completes five years of Member service, or who
24 attains the age of sixty years and completes ten years of
25 Member service, shall, upon separation from the service, be

1 *paid an annuity computed as provided in section 9. No*
2 *Member shall be entitled to receive an annuity under this*
3 *Act unless there shall have been deducted or deposited the*
4 *amounts specified in section 4 with respect to his last five*
5 *years of Member service.*

6 "DISABILITY RETIREMENT

7 "SEC. 7. (a) *Any employee who completes five years*
8 *of civilian service and who is found by the Commission to*
9 *have become disabled shall, upon his own application or*
10 *upon application by his department or agency, be retired*
11 *on an annuity computed as provided in section 9. Any Mem-*
12 *ber who completes five years of Member service and who is*
13 *found by the Commission to have become disabled shall,*
14 *upon his own application, be retired on an annuity computed*
15 *as provided in section 9.*

16 "(b) *No claim shall be allowed under this section unless*
17 *the application is filed with the Commission prior to sepa-*
18 *ration of the employee or Member from the service or within*
19 *one year thereafter. This time limitation may be waived by*
20 *the Commission for an individual who at the date of sepa-*
21 *ration from service or within one year thereafter is mentally*
22 *incompetent, if the application is filed with the Commission*
23 *within one year from the date of restoration of such individ-*
24 *ual to competency or the appointment of a fiduciary, which-*
25 *ever is the earlier.*

1 “(c) Each annuitant retired under this section or under
2 section 6 of the Act of May 29, 1930, as amended, unless
3 his disability is permanent in character, shall at the expira-
4 tion of one year from the date of such retirement and annu-
5 ally thereafter, until reaching age sixty, be examined under
6 the direction of the Commission. If the annuitant fails to
7 submit to examination as required under this section, pay-
8 ment of the annuity shall be suspended until continuance of
9 the disability is satisfactorily established.

10 “(d) If such annuitant, before reaching age sixty, re-
11 covers from his disability or is restored to an earning capac-
12 ity fairly comparable to the current rate of compensation of
13 the position occupied at the time of retirement, payment of
14 the annuity shall cease (1) upon reemployment by the Gov-
15 ernment, (2) one year from the date of the medical examina-
16 tion showing such recovery, or (3) one year from the date of
17 determination that he is so restored, whichever is earliest.
18 Earning capacity shall be deemed restored if in each of two
19 succeeding calendar years the income of the annuitant from
20 wages or self-employment or both shall equal at least 80 per
21 centum of the current rate of compensation of the position
22 occupied immediately prior to retirement.

23 “(e) If such annuitant whose annuity is discontinued
24 under subsection (d) is not reemployed in any position in-
25 cluded in the provisions of this Act, he shall be considered,

1 except for service credit, as having been involuntarily sepa-
2 rated from the service for the purposes of this Act as of the
3 date of discontinuance of the disability annuity and shall,
4 after such discontinuance, be entitled to annuity in accord-
5 ance with the applicable provision of this Act.

6 “(f) No person shall be entitled to receive an annuity
7 under this Act and compensation for injury or disability to
8 himself under the Federal Employees’ Compensation Act of
9 September 7, 1916, as amended, covering the same period
10 of time. This provision shall not bar the right of any claim-
11 ant to the greater benefit conferred by either Act for any
12 part of the same period of time. Neither this provision nor
13 any provision in such Act of September 7, 1916, as amended,
14 shall deny to any person an annuity accruing to such person
15 under this Act on account of service rendered by him, or
16 deny any concurrent benefit to such person under such Act of
17 September 7, 1916, as amended; on account of the death of
18 any other person.

19 “(g) Notwithstanding any provision of law to the con-
20 trary, the right of any person entitled to an annuity under
21 this Act shall not be affected because such person has received
22 an award of compensation in a lump sum under section 14
23 of the Act of September 7, 1916, as amended, except that
24 where such annuity is payable on account of the same dis-
25 ability for which compensation under such section has been

1 paid, so much of such compensation as has been paid for
2 any period extended beyond the date such annuity becomes
3 effective, as determined by the Department of Labor, shall
4 be refunded to the Department of Labor, to be covered into
5 the Federal Employees' Compensation Fund. Before such
6 person shall receive such annuity he shall (1) refund to such
7 Department the amount representing such commuted pay-
8 ments for such extended period, or (2) authorize the deduc-
9 tion of such amount from the annuity payable to him under
10 this Act, which amount shall be transmitted to such Depart-
11 ment for reimbursement to such fund. Deductions from such
12 annuity may be made from accrued and accruing payments,
13 or may be prorated against and paid from accruing payments
14 in such manner as the Department of Labor shall determine,
15 whenever it finds that the financial circumstances of the
16 annuitant are such as to warrant such deferred refunding.

17 "DEFERRED RETIREMENT

18 "SEC. 8. (a) Any employee who is separated from the
19 service or transferred to a position not within the purview
20 of this Act after completing five years of civilian service
21 may be paid an annuity beginning at the age of sixty-two
22 years computed as provided in section 9.

23 "(b) Any Member who is separated from the service
24 or transferred to a position not within the purview of this
25 Act after completing five years of Member service may be

1 paid an annuity beginning at the age of sixty-two years,
2 computed as provided in section 9, and any Member who
3 is separated from the service or transferred to a position
4 not within the purview of this Act after completing ten
5 years of Member service may be paid an annuity beginning
6 at the age of sixty years, computed as provided in such
7 section.

8 "COMPUTATION OF ANNUITY

9 "SEC. 9. (a) Except as otherwise provided in this sec-
10 tion, the annuity of an employee retiring under this Act
11 shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the
12 average salary multiplied by so much of the total service
13 as does not exceed five years, or (B) 1 per centum of the
14 average salary, plus \$25, multiplied by so much of the total
15 service as does not exceed five years, plus (2) the larger
16 of (A) 2 per centum of the average salary multiplied by
17 so much of the total service as exceeds five years, or (B)
18 1 per centum of the average salary, plus \$25, multiplied
19 by so much of the total service as exceeds five years: Pro-
20 vided, That the annuity shall not exceed 80 per centum of
21 the average salary: Provided further, That the annuity of an
22 employee retiring under section 7 shall be at least (1) 40
23 per centum of the average salary or (2) the sum obtained
24 under this subsection after increasing his total service by the
25 period elapsing between the date of separation and the date

1 he attains the age of sixty years, whichever is the lesser, but
2 this proviso shall not increase the annuity of any survivor.

3 “(b) The annuity of a congressional employee retiring
4 under this Act shall, if he so elects at the time his annuity
5 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
6 multiplied by his military service and service as a congres-
7 sional employee, not exceeding a total of fifteen years, plus
8 (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so
9 much of the remainder of such total service as does not exceed
10 five years, plus (3) 2 per centum of the average salary mul-
11 tiplied by so much of the remainder of such total service as
12 exceeds five years: Provided, That the annuity shall not
13 exceed 80 per centum of the average salary. This subsection
14 shall not apply unless the congressional employee (1) has
15 had at least five years’ service as a congressional employee
16 (2) has had deductions withheld from his salary or made
17 deposit covering his last five years of civilian service, and
18 (3) has served as a congressional employee during the last
19 eleven months of his civilian service: Provided further, That
20 the annuity of a congressional employee retiring under sec-
21 tion 7 shall be at least (1) 40 per centum of the average
22 salary or (2) the sum obtained under this subsection after
23 increasing his service as a congressional employee by the
24 period elapsing between the date of separation and the date

25

1 he attains the age of sixty years, whichever is the lesser, but
2 this provision shall not increase the annuity of any survivor.

3 “(c) The annuity of a Member retiring under this Act
4 shall be an amount equal to—

5 “(1) $2\frac{1}{2}$ per centum of the average salary multi-
6 plied by the total of his Member and creditable military
7 service;

8 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
9 plied by his total years of service, not exceeding fifteen,
10 performed as a congressional employee prior to his sepa-
11 ration from service as a Member, other than any such
12 service which he may elect to exclude;

13 “(3) $1\frac{1}{2}$ per centum of such average salary multi-
14 plied by so much of his total service, other than service
15 used in computing annuity under clauses (1) and (2),
16 as does not exceed five years, performed prior to his
17 separation from service as a Member, and other than
18 any such service which he may elect to exclude; and

19 “(4) 2 per centum of such average salary multiplied
20 by his total service, other than service used in comput-
21 ing annuity under clauses (1), (2), and (3), per-
22 formed prior to his separation from service as a Mem-
23 ber, and other than any such service which he may elect
24 to exclude.

1 *In no case shall an annuity computed under this subsection*
2 *exceed 80 per centum of the basic salary that he is receiving*
3 *at the time of such separation from the service, and in no*
4 *case shall the annuity of a Member retiring under section 7*
5 *be less than (A) 40 per centum of the average salary or*
6 *(B) the sum obtained under this subsection after increasing*
7 *his Member service by the period elapsing between the date*
8 *of separation and the date he attains the age of sixty years,*
9 *whichever is the lesser, but this provision shall not increase*
10 *the annuity of any survivor.*

11 “(d) *The annuity as hereinbefore provided, for an em-*
12 *ployee retiring under section 6 (b) or 6 (d), shall be re-*
13 *duced by one-twelfth of 1 per centum for each full month*
14 *not in excess of thirty, one-eighth of 1 per centum for each*
15 *full month in excess of thirty but not in excess of sixty, and*
16 *one-sixth of 1 per centum for each full month in excess of*
17 *sixty, such employee is under the age of sixty years at date*
18 *of separation.*

19 “(e) *The annuity as hereinbefore provided shall be re-*
20 *duced by 10 per centum of any deposit described in section*
21 *4 (c) remaining unpaid, unless the employee or Member*
22 *shall elect to eliminate the service involved for purposes of*
23 *annuity computation.*

24 “(f) *Any employee or Member retiring under section*
25 *6, 7, or 8 may at the time of retirement elect a reduced*

1 annuity, in lieu of the annuity as hereinbefore provided, and
2 designate in writing his wife or her husband to receive an
3 annuity after the retired individual's death computed as
4 provided in section 10 (a) (2). The annuity of the
5 employee or Member making such election, shall be reduced
6 by 10 per centum of so much thereof as exceeds \$2,400.

7 “(g) Any unmarried employee or Member retiring
8 under section 6 or 8, and found by the Commission to be in
9 good health, may at the time of retirement elect a reduced
10 annuity, in lieu of the annuity as hereinbefore provided, and
11 designate in writing a person having an insurable interest
12 in the employee or Member to receive an annuity after the
13 retired individual's death. The annuity payable to the
14 employee or Member making such election shall be reduced
15 by 10 per centum of an annuity computed as provided in
16 section 9 and by 5 per centum of an annuity so computed
17 for each full five years the person designated is younger
18 than the retiring employee or Member, but such total reduc-
19 tion shall not exceed 40 per centum.

20 “(h) The annuity as hereinbefore provided, for an
21 employee who is a citizen of the United States, shall be
22 increased by \$36 multiplied by total service in the employ
23 of either the Alaska Engineering Commission or The Alaska
24 Railroad in the Territory of Alaska between March 12, 1914,
25 and July 1, 1923, or in the employ of either the Isthmian

1 *Canal Commission or the Panama Railroad Company on*
2 *the Isthmus of Panama between May 4, 1904, and April 1,*
3 *1914.*

4 “(i) *The annuity of an employee retiring under section*
5 *6 (c) shall be 2 per centum of the average salary multiplied*
6 *by the total service: Provided, That the annuity shall not*
7 *exceed 80 per centum of the average salary.*

8 “SURVIVOR ANNUITIES

9 “SEC. 10. (a) (1) *If a Member or employee dies after*
10 *having retired under any provision of this Act and is sur-*
11 *vived by a wife or husband to whom he or she was married*
12 *at the time of retirement, such wife or husband shall be paid*
13 *an annuity equal to (1) 50 per centum of so much of an*
14 *annuity computed as provided in subsections (a), (b), (c),*
15 *(d), and (e) of section 9, as may apply with respect to the*
16 *annuitant, as does not exceed \$2,400.*

17 “(2) *If a Member or employee dies after having retired*
18 *under any provision of this Act and is survived by a wife*
19 *or husband designated under section 9 (f) such wife or*
20 *husband shall be paid an annuity (in addition to any annuity*
21 *payable under paragraph (1)) equal to 50 per centum of*
22 *so much of an annuity computed as provided in subsections*
23 *(a), (b), (c), (d), and (e) of section 9, as may apply*
24 *with respect to the annuitant, as exceeds \$2,400.*

25 “(3) *An annuity computed under this subsection shall*

1 *begin on the first day of the month in which the retired em-*
2 *ployee dies, and such annuity or any right thereto shall ter-*
3 *minate upon the survivor's death or remarriage.*

4 “(b) *The annuity of a survivor designated under sec-*
5 *tion 9 (g) shall be 50 per centum of the reduced annuity*
6 *computed as provided in subsections (a), (b), (c), (d),*
7 *(e), and (g) of section 9 as may apply with respect to the*
8 *annuitant. The annuity of such survivor shall begin on the*
9 *first day of the month in which the retired employee dies,*
10 *and such annuity or any right thereto shall terminate upon*
11 *the survivor's death.*

12 “(c) *If an employee dies after completing at least five*
13 *years of civilian service, or a Member dies after completing*
14 *at least five years of Member service, the widow or depend-*
15 *ent widower of such employee or Member shall be paid an*
16 *annuity equal to 50 per centum of an annuity computed as*
17 *provided in subsections (a), (b), (c), and (e) of section*
18 *9 as may apply with respect to the employee or Member.*
19 *The annuity of such widow or dependent widower shall*
20 *begin on the first day of the month after the employee or*
21 *Member dies, and such annuity or any right thereto shall*
22 *terminate upon death or remarriage of the widow or widower,*
23 *or upon the widower's becoming capable of self-support.*

24 “(d) *If an employee dies after completing five years*
25 *of civilian service or a Member dies after completing five*

1 years of Member service, or an employee or Member dies
 2 after having retired under any provision of the Act, and is
 3 survived by a widow or dependent widower, each surviving
 4 child shall be paid an annuity of \$600. If such employee or
 5 Member is not survived by a widow or widower, each surviv-
 6 ing child shall be paid an annuity of \$720. The child's
 7 annuity shall begin on the first day of the month after the
 8 employee or Member dies, and such annuity or any right
 9 thereto shall terminate upon (1) his attaining age eighteen
 10 unless incapable of self-support, (2) his becoming capable
 11 of self-support after age eighteen, (3) his marriage, or (4)
 12 his death. Upon the death of the widow or dependent wid-
 13 ower, the annuity of any child or children shall be recomputed
 14 and paid as though such widow or dependent widower had
 15 not survived the employee or Member.

16 "LUMP-SUM BENEFITS

17 "SEC. 11. (a) Any employee who is separated or trans-
 18 ferred to a position not within the purview of this Act before
 19 having completed twenty years of civilian service, and any
 20 Member who is separated before having completed twenty
 21 years of Member service, shall, upon application therefor,
 22 be paid the lump-sum credit. The receipt of payment of the
 23 lump-sum credit by the individual shall void all annuity
 24 rights under this Act, unless and until he shall be reemployed
 25 in the service subject to this Act.

1 “(b) Each present or former employee or Member may,
2 under regulations prescribed by the Commission, designate a
3 beneficiary or beneficiaries for the purposes of this Act.

4 “(c) Lump-sum benefits authorized under subsections
5 (d), (e), and (f) of this section shall be paid in the follow-
6 ing order of precedence to such person or persons surviving
7 the employee or Member and alive at the date title to the
8 payment arises, and such payment shall be a bar to recovery
9 by any other person:

10 “First, to the beneficiary or beneficiaries designated by
11 the employee or Member in a writing received in the Com-
12 mission prior to his death;

13 “Second, if there be no such beneficiary, to the widow
14 or widower of the employee or Member;

15 “Third, if none of the above, to the child or children of
16 the employee or Member and descendants of deceased chil-
17 dren by representation;

18 “Fourth, if none of the above, to the parents of the
19 employee or Member or the survivor of them;

20 “Fifth, if none of the above, to the duly appointed
21 executor or administrator of the estate of the employee or
22 Member;

23 “Sixth, if none of the above, to other next of kin of the
24 employee or Member as may be determined by the Commis-

1 purposes of title II of the Social Security Act, be deemed to
2 be 'employment' as that term is defined in section 210 of
3 such Act, and such employee or Member shall be deemed to
4 have received, during such period, 'wages' (as that term is
5 defined in section 209 of such Act) equal to (1) the amount
6 of the basic salary actually received by such employee or
7 Member for the service performed by him during such
8 period, or (2) the maximum amount of remuneration which
9 may be counted as wages under such section 209 for the year
10 such basic salary was received, whichever is less. Such
11 'wages' shall be deemed to have been received by such
12 employee or Member at the same time and in the same
13 amounts as the amounts which were received by such em-
14 ployee or Member as basic salary for service performed
15 during such period.

16 “(c) At the end of each calendar quarter, beginning
17 with the quarter commencing January 1, 1957, the Com-
18 mission shall (1) furnish the Secretary of Health, Educa-
19 tion, and Welfare (hereinafter referred to as 'the Secretary')
20 with a copy of the individual retirement record of each
21 employee or Member who, during such quarter, has filed
22 an application under this section for Social Security cover-
23 age, and (2) transfer from the fund to the Old-Age and
24 Survivors Insurance Trust Fund (hereinafter referred to
25 as 'the trust fund') an amount equal to (A) the amount

1 of taxes which would have been imposed by section 3101
2 of the Internal Revenue Code of 1954 (relating to taxes
3 on the wages of employees) and section 3111 of such Code
4 (relating to taxes on employers with respect to the wages
5 of their employees) if the amounts deemed by subsection
6 (b) to be 'wages' of such employees or Members had been
7 'wages' within the meaning of such sections of such Code
8 at the time the amounts deemed to be 'wages' under subsection
9 (b) were received by such employees of Members, minus
10 (B) in the case of any quarter subsequent to the quarter
11 commencing January 1, 1957, the amount certified by the
12 Secretary to be refundable to the fund pursuant to subsection
13 (d) of this section.

14 “(d) The Secretary shall, at the earliest practicable
15 date after receipt of a list referred to in subsection (c),
16 ascertain with respect to each employee or Member whose
17 name appears on such list whether such employee or Mem-
18 ber has (without the application of the provisions of this
19 section) been credited with any wages or self-employment
20 income under title II of the Social Security Act for any
21 year which includes all or any part of the period referred
22 to in subsection (a) of this section. If the Secretary finds
23 that the amount of the wages and self-employment income
24 so credited to any such employee or Member, when added
25 to the wages such employee or Member is deemed to have

1 received pursuant to subsection (b), is greater than the max-
2 imum amount of remuneration which may be counted as
3 wages or self-employment income under sections 209 and
4 211 of the Social Security Act for the year with respect to
5 which such wages or self-employment income were credited,
6 he shall determine the amount of taxes which would have
7 been imposed upon the excess by sections 3101 and 3111
8 of the Internal Revenue Code of 1954 if the provisions of
9 such sections had been applicable thereto. The Secretary
10 shall at the beginning of each quarter, beginning with the
11 quarter commencing March 1, 1957, certify to the Com-
12 mission as being refundable to the fund from the trust fund
13 an amount equal to the total amounts of such taxes, and shall
14 advise the Commission of the name of each employee or
15 Member with respect to whom any portion of such amount
16 is refundable and the portion refundable with respect to
17 him.

18 “(e) The Commission shall pay to each employee or
19 Member who has filed an application under this section for
20 Social Security coverage, at the earliest practicable date after
21 the filing of such application, an amount equal to his lump-
22 sum credit minus the amount of taxes which would have
23 been imposed by section 3101 of the Internal Revenue Code
24 of 1954 if the amounts deemed by subsection (b) to be
25 ‘wages’ of such employee or Member had been ‘wages’ with-

1 in the meaning of such section at the time the amounts
2 deemed to be 'wages' under subsection (b) were received
3 by such employee or Member.

4 “(f) The Commission shall, at the earliest practicable
5 date after the receipt of a certification of refund provided
6 for by subsection (d), pay to each employee or Member
7 the portion of the amount certified to be refundable which
8 the Secretary advised the Commission was refundable with
9 respect to such employee or Member by reason of the appli-
10 cation made under such subsection of the provisions of sec-
11 tion 3101 of the Internal Revenue Code of 1954.

12 “(g) (1) Any employee or Member who has applied
13 for Social Security coverage under this section, who at a sub-
14 sequent date is reemployed in the service subject to this Act
15 and who has not become entitled to any Social Security
16 benefits by reason of such coverage may, upon filing applica-
17 tion therefor with the Commission and upon depositing in the
18 fund an amount equal to the total of the amounts he has
19 received pursuant to subsections (e) and (f) with interest
20 at the rate provided by section 4 (e), secure coverage under
21 this Act for any one or more complete periods of service for
22 the period for which he had secured Social Security coverage
23 pursuant to this section to the same extent as if he had never
24 secured such Social Security coverage.

25 “(2) The depositing of the amount provided for under

1 paragraph (1) shall have the effect of canceling the Social
2 Security coverage previously secured under this section by
3 the employee or Member making such deposit, and the Secre-
4 tary shall, from time to time, transfer from the trust fund to
5 the fund an amount equal to the amount determined to have
6 been transferable from the fund to the trust fund under sub-
7 section (c) (2) (A) of this section with respect to each
8 employee or Member who makes a deposit under paragraph
9 (1) less and amount equal to any portion of an amount
10 which the Secretary has advised the Commission, pursuant
11 to subsection (d) is refundable with respect to such employee
12 or Member.

13 "ADDITIONAL ANNUITIES

14 "SEC. 13. (a) Any employee or Member may, under
15 regulations prescribed by the Commission, voluntarily con-
16 tribute additional sums in multiples of \$25, but the total
17 may not exceed 10 per centum of his basic salary for his
18 creditable service from and after August 1, 1920. The
19 voluntary contribution account in each case shall be the
20 sum of such unrefunded contributions, plus interest at 3
21 per centum per annum compounded annually to date of
22 separation or transfer to a position not within the purview
23 of this Act or, in case of an individual who is separated
24 with title to a deferred annuity and does not claim the
25 voluntary contribution account, to the commencing date fixed

1 for such deferred annuity or date of death, whichever is
2 earlier.

3 “(b) Such voluntary contribution account shall be used
4 to purchase at retirement an annuity in addition to the
5 annuity otherwise provided. For each \$100 in such volun-
6 tary contribution account, the additional annuity shall con-
7 sist of \$7, increased by 20 cents for each full year, if any,
8 such employee or Member is over the age of fifty-five years
9 at the date of retirement.

10 “(c) A retiring employee or Member may elect a
11 reduced additional annuity in lieu of the additional annuity
12 described in subsection (b) and designate in writing a
13 person to receive after his death an annuity of 50 per centum
14 of his reduced additional annuity. The additional annuity
15 of the employee or Member making such election shall be
16 reduced by 10 per centum, and by 5 per centum for each
17 full five years the person designated is younger than the
18 retiring employee or Member, but such total reduction shall
19 not exceed 40 per centum.

20 “(d) Any employee or Member who is separated from
21 the service before becoming eligible for immediate or de-
22 ferred annuity or who transfers to a position wherein he
23 does not continue subject to this Act shall be paid the
24 voluntary contribution account. Any employee or Member
25 who is separated from the service after becoming eligible

1 for a deferred annuity under section 8 may elect to receive,
2 in lieu of additional annuity, the voluntary contribution
3 account, provided his separation occurs and application for
4 payment is filed with the Commission at least thirty-one days
5 before the commencing date of annuity.

6 “(e) If any present or former employee or Member
7 not retired dies, the voluntary contribution account shall be
8 paid under the provisions of section 11 (c). If all addi-
9 tional annuities or any right thereto based on the voluntary
10 contribution account of a deceased employee or Member
11 terminate before the total additional annuity paid equals such
12 account, the difference shall be paid under the provisions
13 of section 11 (c).

14 “REEMPLOYMENT OF ANNUITANTS

15 “SEC. 14. (a) Notwithstanding any other provision of
16 law, an annuitant under this Act shall not, by reason of his
17 retired status, be barred from employment in any appointive
18 position for which he is qualified. An annuitant so reem-
19 ployed shall serve at the will of the appointing officer.

20 “(b) If an annuitant under this Act (other than (1) a
21 disability annuitant whose annuity is terminated by reason
22 of his recovery or restoration of earning capacity, or (2) a
23 Member retired under this Act, is employed in an appointive
24 or elective position subject to this Act, annuity payments
25 shall be discontinued during such employment and deduc-

1 tions for the retirement fund shall be withheld from his
2 salary. If such annuitant performs actual full-time service
3 for a period of at least one year, his right to future annuity
4 shall be determined upon the basis of the law in effect at the
5 time of termination of such period of employment and service
6 performed during such period shall be credited for such pur-
7 pose. If such annuitant does not perform actual full-time
8 service for a period of at least one year, his annuity pay-
9 ments shall be resumed in the same amount and amounts
10 deducted from his salary during such period of employment
11 shall be returned upon the expiration of such period.

12 “(c) If a Member retired under this Act is employed
13 in an appointive or elective position, annuity payments shall
14 be discontinued during such employment and resumed in
15 the same amount upon termination of such employment:
16 Provided, That if such retired Member takes office as Mem-
17 ber and gives notice as provided in section 2 (c), his service
18 as Member during such period shall be credited in determin-
19 ing his right to and the amount of his subsequent annuity.

20 “PAYMENT OF BENEFITS

21 “SEC. 15. (a) Each annuity is stated as an annual
22 amount, one-twelfth of which, fixed at the nearest dollar,
23 accrues monthly and is payable on the first business day of
24 the month after it accrues.

25 “(b) Except as otherwise provided, the annuity of an

1 employee shall commence on the first of the month after
2 separation from the service, or on the first of the month after
3 salary ceases provided the employee meets the service and
4 the age or disability requirements for title to annuity at that
5 time. The annuity of a Member or of an elected officer of
6 the Senate or House of Representatives shall commence on
7 the day following the day on which salary shall cease pro-
8 vided the person entitled to such annuity meets the service
9 and the age or disability requirements for title to annuity at
10 that time. The annuity of an employee or Member under
11 section 8 shall commence on the first of the month after
12 the occurrence of the event on which payment of the annuity
13 is based.

14 “(c) An annuity shall terminate on the last day of the
15 month preceding the month in which death or any other
16 terminating event provided in this Act occurs.

17 “(d) Any person entitled to annuity from the fund may
18 decline to accept all or any part of such annuity by a waiver
19 signed and filed with the Commission. Such waiver may be
20 revoked in writing at any time, but no payment of the
21 annuity waived shall be made covering the period during
22 which such waiver was in effect.

23 “(e) Where any payment is due a minor, or a person
24 mentally incompetent or under other legal disability, such
25 payment may be made to the person who is constituted

1 guardian or other fiduciary by the law of the State of resi-
2 dence of such claimant or is otherwise legally vested with the
3 care of the claimant or his estate: Provided, That where no
4 guardian or other fiduciary of the person under legal dis-
5 ability has been appointed under the laws of the State of
6 residence of the claimant, payment may be made to any
7 person who in the judgment of the Commission is responsible
8 for the care of the claimant, and such payment shall be a bar
9 to recovery by any other person.

10 "EXEMPTION FROM LEGAL PROCESSES

11 "SEC. 16. (a) None of the moneys mentioned in this
12 Act shall be assignable, either in law or equity, or be subject
13 to execution, levy, attachment, garnishment, or other legal
14 process.

15 "(b) Notwithstanding any other provision of law, there
16 shall be no recovery of any payments under this Act from
17 any person when, in the judgment of the Commission, such
18 person is without fault and such recovery would be contrary
19 to equity and good conscience; nor shall there be any with-
20 holding of recovery of any moneys mentioned in this Act on
21 account of any certification or payment made by any former
22 employee of the United States in the discharge of his official
23 duties unless the head of the department or agency on behalf
24 of which the certification or payment was made certifies to

1 *the Commission that such certification or payment involved*
2 *fraud on the part of such employee.*

3 "ADMINISTRATION

4 "SEC. 17. (a) *This Act shall be administered by the*
5 *Commission. Except as otherwise specifically provided here-*
6 *in, the Commission is hereby authorized and directed to*
7 *perform, or cause to be performed, any and all acts and to*
8 *make such rules and regulations as may be necessary and*
9 *proper for the purpose of carrying the provisions of this*
10 *Act into full force and effect.*

11 "(b) *Applications under this Act shall be in such form*
12 *as the Commission shall prescribe, and shall be supported by*
13 *such certificates from departments or agencies as the Com-*
14 *mission may deem necessary to the determination of the*
15 *rights of applicants. The Commission shall adjudicate all*
16 *claims under this Act.*

17 "(c) *Questions of dependency and disability arising*
18 *under this Act shall be determined by the Commission and*
19 *its decisions with respect to such matters shall be final and*
20 *conclusive and shall not be subject to review. The Com-*
21 *mission may order or direct at any time such medical or*
22 *other examinations as it shall deem necessary to determine*
23 *the facts relative to the disability or dependency of any*
24 *person receiving or applying for annuity under this Act,*

1 and may suspend or deny any such annuity for failure to
2 submit to any such examination.

3 “(d) An appeal to the Commission shall lie from any
4 administrative action or order affecting the rights or interests
5 of any person or of the United States under this Act, the
6 procedure on appeal to be prescribed by the Commission.

7 “(e) Fees for examinations made under the provisions
8 of this Act, by physicians or surgeons who are not medical
9 officers of the United States, shall be fixed by the Commis-
10 sion, and such fees, together with reasonable traveling and
11 other expenses incurred in connection with such examinations,
12 shall be paid out of the appropriations for the cost of adminis-
13 tering this Act.

14 “(f) The Commission shall publish an annual report
15 upon the operations of this Act.

16 “(g) The Commission is hereby authorized and directed
17 to select three actuaries, to be known as the Board of Actu-
18 aries of the Civil Service Retirement System. It shall be the
19 duty of such Board to report annually upon the actuarial
20 status of the system and to furnish its advice and opinion
21 on matters referred to it by the Commission, and it shall have
22 the authority to recommend to the Commission and to the
23 Congress such changes as in the Board’s judgment may be
24 deemed necessary to protect the public interest and maintain
25 the system upon a sound financial basis. The Commission

1 shall keep or cause to be kept such records as it deems neces-
2 sary for making periodic actuarial valuations of the Civil
3 Service Retirement System, and the Board shall make such
4 valuations at intervals of five years, or oftener if deemed
5 necessary by the Commission. The compensation of the
6 members of the Board of Actuaries, exclusive of such
7 members as are in the employ of the United States, shall
8 be fixed by the Commission.

9 **CIVIL SERVICE RETIREMENT AND DISABILITY FUND**

10 “SEC. 18. (a) The fund is hereby appropriated for
11 the payment of benefits as provided in this Act.

12 “(b) The Secretary of the Treasury is hereby authorized
13 to accept and credit to the fund moneys received in the
14 form of donations, gifts, legacies, or bequests, or otherwise
15 contributed for the benefit of civil-service employees generally.

16 “(c) The Secretary of the Treasury shall immediately
17 invest in securities of the United States, bearing interest
18 at the rate of $3\frac{1}{2}$ per centum per annum, such currently
19 available portions of the fund as are not immediately re-
20 quired for payments from the fund, and the income derived
21 from such investments shall constitute a part of the fund.
22 The purposes for which obligations of the United States
23 may be issued under the Second Liberty Bond Act, as
24 amended, are hereby extended to authorize the issuance at
25 par of special obligations for purchase by the fund.

1 "SHORT TITLE

2 "SEC. 19. *This Act may be cited as the 'Civil Service*
3 *Retirement Act'.*"

4 MEMBERS OF FACULTY OF NAVAL ACADEMY

5 SEC. 2. (a) *On and after the effective date of this Act*
6 *persons employed as members of the civilian faculties of the*
7 *United States Naval Academy and the United States Naval*
8 *Postgraduate School shall be included within the terms of*
9 *the Civil Service Retirement Act, and on and after that*
10 *date the Act of January 16, 1936 (49 Stat. 1092), as*
11 *amended, shall not apply to such persons.*

12 (b) *In lieu of the deposit prescribed by section 4 (c)*
13 *of the Civil Service Retirement Act, an employee who by*
14 *virtue of subsection (a) is included within the terms of*
15 *such Act shall deposit, for service rendered prior to the*
16 *effective date of this Act as a member of the civilian faculty*
17 *of the United States Naval Academy or of the United States*
18 *Naval Postgraduate School, a sum equal to so much of the*
19 *repurchase price of his annuity policy carried as required*
20 *by the Act of January 16, 1936, as amended, as is based*
21 *on the monthly allotments which were registered with the*
22 *Navy Allotment Office toward the purchase of that annuity,*
23 *the deposit to be made within six months after the effective*
24 *date of this Act. Should the deposit not be made within*
25 *that period no credit shall be allowed under the Civil Service*

1 *Retirement Act for service rendered as a member of the*
2 *civilian faculty of the United States Naval Academy or of*
3 *the United States Naval Postgraduate School subsequent to*
4 *July 31, 1920, and prior to the effective date of this Act.*

5 *RETROACTIVE APPLICATION OF CERTAIN BENEFITS*

6 *SEC. 3. The amendment approved September 30, 1949*
7 *(Public Law 310, Eighty-first Congress), to section 4 (b)*
8 *of the Civil Service Retirement Act of May 29, 1930, as*
9 *amended, insofar as it relates to the amount of the reduction*
10 *in the annuities of officers and employees who elect to re-*
11 *ceive reduced annuities under such section, shall take effect*
12 *as of April 1, 1948, but no increase in annuity shall be*
13 *payable by reason of such amendment, to those who retired*
14 *on or after April 1, 1948, and prior to October 1, 1949, for*
15 *any period prior to the first day of the first month which*
16 *begins after the effective date of this Act.*

17 *CONTINUATION OF PRIOR RIGHTS*

18 *SEC. 4. Except as otherwise provided, the amendments*
19 *made by this Act shall not apply in the case of employees or*
20 *Members retired or otherwise separated prior to its effective*
21 *date, and the rights of such persons and their survivors shall*
22 *continue in the same manner and to the same extent as if*
23 *this Act had not been enacted.*

VICE PRESIDENT

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SEC. 5. The notice required by section 2 (c) of the Civil Service Retirement Act may be given, by any person holding the office of Vice President on the effective date of this Act, at any time within fifteen days after such effective date, and in the case of any such person service performed in such office shall be considered service during which he was subject to such Act for the purpose of section 3 (g) thereof.

FUTURE SALARY INCREASES TO INCLUDE INCREASES TO

ANNUITANTS

SEC. 6. It is the policy of the Congress that whenever in the future any general adjustment is made in the salaries of Government employees, corresponding adjustments should be made in the annuities of retired employees.

FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUT-

SIDE UNITED STATES TO AVOID PROSECUTION

SEC. 7. The Act entitled "An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (68 Stat. 1142), is amended by adding at the end of section 2 thereof a new subsection as follows:

"(c) In any case in which, after the date of enactment

1 of this subsection, any person under indictment for any
2 offense within the purview of the first section of this Act
3 wilfully remains outside the United States, its Territories,
4 and possessions, for a period in excess of one year with
5 knowledge of such indictment, no annuity or retired pay
6 shall be paid, for any period subsequent to the end of such
7 one-year period to such person or to the survivor or bene-
8 ficiary of such person, on the basis of the service of such
9 person, as an officer or employee of the Government unless
10 and until a nolle prosequi to the entire indictment is entered
11 upon the record or such person returns and thereafter the
12 indictment is dismissed or after trial by court the accused is
13 found not guilty of the offense or offenses charged in the
14 indictment.”

15

EFFECTIVE DATE

16 *SEC. 8. This Act shall take effect on January 1, 1957.*

17

SHORT TITLE

18 *SEC. 9. This Act may be cited as the “Civil Service*
19 *Retirement Act Amendments of 1956.”*

A BILL

To revise the Civil Service Retirement Act.

By Mr. JOHNSTON of South Carolina

JANUARY 9, 1956

Read twice and referred to the Committee on Post
Office and Civil Service

APRIL 18 (legislative day, APRIL 9), 1956

Reported with an amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 22, 1956
For actions of May 21, 1956
84th-2nd, No. 83

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HIGHLIGHTS: Farm bill sent to conference. Senate debated Johnston retirement bill. House committee reported public works appropriation bill. House passed bills altering dates for proclamation of tobacco quotas and basing penalties on violations of tobacco allotments on a harvested basis. House received from President supplemental appropriation estimates for USDA. House received USDA proposed bill to increase Public Law 480 authorization. Rep. Christopher criticized county committee system. Sen. Kennedy and others introduced and Sen. Kennedy discussed bill to revise budgeting and accounting process. Sen. Ellender introduced bill to increase Public Law 480 authorization. Rep. Green, Oreg., introduced and discussed bill to provide assistance for disaster stricken orchards.

SENATE

1. FARM PROGRAM. Senate and House conferees were appointed on H. R. 10875, the farm bill. p. 7677
2. FORESTRY. Passed without amendment S. 2967, to authorize the acquisition of additional lands within the roadless area of the Superior National Forest. p. 7662
At the request of Sen. Bible, passed over S. 1907, to transfer some Title III Bankhead-Jones lands to the Indians of the Zia and Jemez pueblos in N. Mex. p. 7671
3. ECONOMIC REPORT. Passed as reported S. 3332, extending the time for filing the report of the Joint Committee on the Economic Report to Jan. 20 each year, and changing the name of the Committee to the "Joint Economic Committee." p. 7677
4. RECLAMATION. Passed without amendment S. 3101, to authorize construction by the Secretary of the Interior of the Crooked River reclamation project, Ore. p. 7671

Passed without amendment H. R. 1779, to authorize the Secretary of the Interior to construct, operate, and maintain the Juniper division of the Wapinitia reclamation project, Ore. (p. 7672) This bill is now ready for the President.

5. PERSONNEL. Began debate on S. 2875, the Johnston retirement bill. pp. 7678, 7680.
6. VIRGIN ISLANDS. Received the Comptroller General's audit report of the Virgin Islands for the 1955 fiscal year. p. 7651
7. APPROPRIATIONS. Sen. Holland submitted and commented on an amendment intended to be proposed to H. R. 11177, the USDA appropriation bill, to provide \$1,500,000 to combat the Mediterranean fruitfly. p. 7657
8. FEED GRAINS. Sen. Kennedy inserted a letter from the Eastern States Farmers' Exchange opposing higher support prices for feed grains. p. 7653

HOUSE

9. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 11319, the public works appropriation bill for 1957 (H. Rept. 2181). pp. 7689, 7736
Received from the President a supplemental appropriation estimate that will provide 1,250,000 in fiscal year 1956 and \$250,000 in fiscal year 1957 for "Salaries and expenses, Agricultural Research Service" to provide additional funds for a Mediterranean Fruitfly eradication program in Florida; to Appropriations Committee (H. Doc. 407). p. 7735
10. TOBACCO. Passed without amendment H. R. 10108, to provide for the determination of penalties for tobacco acreage allotment violations on a harvested basis rather than a marketed basis. p. 7698
Passed as reported H. R. 9475, to provide for the date of proclamation of marketing quotas for tobacco as Dec. 1 for flue-cured tobacco and Feb. 1 for other kinds of tobacco. p. 7701
11. FOREIGN TRADE. Received from this Department a proposed bill to amend the Agricultural Trade Development and Assistance Act of 1954 by increasing the authorization to \$3 billion, authorizing aid to American-sponsored schools abroad, and permitting barter with Communist countries; to Agriculture Committee. p. 7735
Passed with amendments H. R. 9052, to extend the Export Control Act of 1949 for two years (to June 30, 1958). p. 7717
12. LANDS. Reps. Metcalf, Wier, and Byrnes, Wis., objected to the consideration of H. R. 6815, to provide for the disposition of certain lands acquired under Title III of the Bankhead-Jones Farm Tenant Act. p. 7690
13. ACCOUNTING. At the request of Rep. Aspinall (acting for Rep. Dawson), passed over H. R. 9593, to simplify and facilitate accounting and obligation payment procedures. p. 7690
14. INFORMATION. Passed without amendment H. R. 10417, to amend the Federal Register Act so as to provide that the President may make notice of certain of his acts by other means if, in the event of an enemy attack upon the U. S., the effectiveness of the Federal Register would be limited. p. 7696

culture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes, was announced as next in order.

Mr. BIBLE. I ask that the bill be passed over because obviously it is not calendar business.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF EMPLOYMENT ACT OF 1946, AS AMENDED

The PRESIDING OFFICER. When the call of the calendar began, Order No. 1979, Senate bill 3332, was ordered placed at the foot of the calendar. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3332) to amend the Employment Act of 1946, as amended.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BIBLE. In that connection, I specifically invite the attention of the Senator from Illinois [Mr. DOUGLAS] to this particular piece of legislation, with respect to which an explanation was requested.

Mr. DOUGLAS. Mr. President, this bill comes to the Senate with the unanimous approval of the Banking and Currency Committee. It was originally introduced by the Senator from Utah [Mr. WATKINS], the Senator from Vermont [Mr. FLANDERS], and the Senator from Arizona [Mr. GOLDWATER], members of the minority of the Joint Committee on the Economic Report.

The committee made only two minor changes in the bill and the bill would make two minor amendments to the Employment Act of 1946. The first change is that the Joint Committee on the Economic Report would have its title changed to the Joint Economic Committee.

The second change relates to the date at which the President must file his economic report. The present act requires him to file the report at the beginning of each regular session. That has been increasingly interpreted in a very liberal fashion by the Office of the President, and the reports have been coming in quite late. It has been difficult for the joint committee to hold its hearings, so that, in turn, it might make its report by the first of March. The law requires us to submit our report to the Congress by the first of March. The Senate committee struck out a provision in the bill extending the time to March 20 for it is felt the Congress should have the views of its Joint Economic Committee as early in the session of Congress as is possible. Thus there is no change in this date.

We have given more latitude to the office of the President by providing that the report shall be filed not later than January 20 of each year, thus extending for 17 days the time when the President must file his report, if the present Act be interpreted literally. Although the bill will not allow a great deal of time for public hearings on the report and the preparation of the report of the joint

congressional committee, nevertheless, we believe that it will provide adequate time.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments, on page 1, line 8, after "January", to strike out "15" and insert "20", and on page 2, after line 4, to strike out:

SEC. 3. Section 5 (b) (3) of such act (relating to the time for filing the report of the Joint Committee) is amended by striking out "March 1 of each year (beginning with the year 1947)" and inserting in lieu thereof "March 20 of each year."

So as to make the bill read:

Be it enacted, etc., That section 3 (a) of the Employment Act of 1946, as amended (relating to the time for filing the economic report of the President), is amended by striking out "at the beginning of each regular session (commencing with the year 1947)" and inserting in lieu thereof "not later than January 20 of each year."

SEC. 2. Section 5 (a) of such act and the heading thereof are each amended by striking out "Joint Committee on the Economic Report" and inserting in lieu thereof "Joint Economic Committee"; and any other statute in which the name "Joint Committee on the Economic Report" appears is amended to conform to the foregoing change in the name of the joint committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ORDER TO INCLUDE SENATE BILL 746 IN THE NEXT CALL OF THE CALENDAR

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the next call of the calendar may include Calendar No. 1975, Senate bill 746, a bill to provide for the return to the former owners of certain lands including Indian tribal lands, acquired in connection with the Garrison Dam project of mineral interests in such lands.

This request is made on behalf of the Senator from North Dakota [Mr. YOUNG].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BUSH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

That completes the call of the calendar.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, notified the Senate that Mr. UDALL had been appointed a manager on the part of the House at the conference of the two Houses on the resolution (S. J.

Res. 135) for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming, vice Mr. HALEY, excused.

The message announced that the House has disagreed to the amendments of the Senate to the bill (H. R. 10875) to enact the Agricultural Act of 1956; asked a conference with the Senate on the disagreeing votes of the two Houses therein, and that Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. HOPE, and Mr. AUGUST H. ANDRESEN had been appointed managers on the part of the House at the conference.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 1016. An act for the relief of Mrs. Ida Bifolchini Boschetti;

H. R. 2284. An act for the relief of Maj. Robert D. Lauer;

H. R. 2904. An act for the relief of Maj. Orin A. Payle;

H. R. 3268. An act for the relief of Comdr. George B. Greer;

H. R. 3964. An act for the relief of Kingan, Inc.;

H. R. 4026. An act for the relief of James C. Hayes;

H. R. 4162. An act for the relief of Kahzo L. Harris;

H. R. 4640. An act for the relief of James M. Wilson; and

H. R. 6184. An act for the relief of Lt. P. B. Sampson.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 3366) for the relief of Mary J. McDougall.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Acting President pro tempore:

S. 3254. An act to authorize the county of Custer, State of Montana, to convey certain lands to the United States;

H. R. 7030. An act to amend and extend the Sugar Act of 1948, and for other purposes; and

S. J. Res. 166. Joint resolution to designate the dam and reservoir to be constructed on the lower Cumberland River, Ky., as Barkley Dam and Lake Barkley, respectively.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, May 21, 1956, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 3254. An act to authorize the county of Custer, State of Montana, to convey certain lands to the United States; and

S. J. Res. 166. Joint resolution to designate the dam and reservoir to be constructed on the lower Cumberland River, Ky., as Barkley Dam and Lake Barkley, respectively.

AGRICULTURAL ACT OF 1956

The PRESIDING OFFICER (Mr. PAYNE in the chair) laid before the Senate a message from the House of Repre-

sentatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 10875) to enact the Agricultural Act of 1956, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. HOLLAND, Mr. EASTLAND, Mr. AIKEN, Mr. YOUNG, and Mr. THYE conferees on the part of the Senate.

GREAT LAKES BULK CARGO VESSELS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which is S. 3108.

The Senate resumed the consideration of the bill (S. 3108) to encourage the construction of modern Great Lakes bulk cargo vessels.

REVISION OF CIVIL SERVICE RETIREMENT ACT

Mr. BIBLE. Mr. President, I ask unanimous consent that the unfinished business, S. 3108, be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1813, S. 2875.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2875) to revise the Civil Service Retirement Act.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amendment.

THE NOMINATION OF SENATOR MORSE BY THE DEMOCRATIC PARTY AS CANDIDATE FOR SENATOR FROM OREGON

Mr. NEUBERGER. Mr. President, we are pleased to welcome back on the floor the senior Senator from Oregon [Mr. MORSE], who has just been overwhelmingly nominated as the candidate of the Democratic Party of his State for another term in the Senate. In running for the first time as a Democrat, he polled approximately 83 percent of the popular vote of his party, according to unofficial but nearly complete returns. This compares with approximately 49 percent of the Republican Party vote which was polled by ex-Secretary of the Interior McKay, who will be Senator MORSE's opponent in the November general election.

Speaking as a life-long Oregon Democrat, I want to say I am proud that WAYNE MORSE has chosen voluntarily to give his allegiance to our party. Like such great personages as Abraham Lin-

coln, Wendell Willkie, Theodore Roosevelt, and Sir Winston Churchill, the senior Senator from Oregon [Mr. MORSE] has put principle above party, and thus has changed his party rather than subordinate his principles.

The issue in the fall in Oregon will be as sharp and clear as the mountain air of our majestic State. As Secretary of the Interior, Douglas McKay helped to reverse time-honored policies of conservation which had been respected since the era of Gifford Pinchot. He surrendered to special privilege such priceless national assets as mighty hydroelectric-power sites, national forest timber, and the sanctity of wildlife and wildfowl refuges. WAYNE MORSE has steadfastly and persistently opposed these unwise relinquishments.

Mrs. Neuberger and I, who love our native Oregon, will consider it a privilege to campaign for WAYNE MORSE and in opposition to Mr. McKay. We will regard ourselves as fighting for the heritage of all Americans, now and in the future—for the resources which are the legacy of American boys and girls through all the years to come.

WAYNE MORSE is a great Senator and a great American. He puts principle first, political party second. Ideals to him are more important than political labels. In November of 1956, the people of Oregon will consider political party membership as of far less significance than the fate of fir and pine forests, of rushing mountain rivers in deep chasms, of the marshes and swamps where migratory birds nest and breed on their way along the Atlantic and Pacific flyways, of vast fish runs in swift and rampant streams.

It is a pleasure to announce that WAYNE LYMAN MORSE is the nominee of the Democratic Party of Oregon for reelection to the United States Senate in this year of 1956.

Mr. DOUGLAS. Mr. President, I wish to join the junior Senator from Oregon in expressing pleasure at the nomination of Senator MORSE for another term in the Senate from the State of Oregon. All of us value Senator MORSE very highly. I regard him as probably the most expert constitutional lawyer in the Senate, and a man who has a thorough knowledge of the Constitution, how it was drawn up, what it means, and how it should be applied in everyday life. I have learned a great deal from Senator MORSE. Perhaps one of the most important things that I have learned from him is the importance of correct legal procedure.

Those of us who are not lawyers tend to emphasize the substantive features of legislation and administrative actions, and perhaps in the past we have not paid proper attention to the necessity for correct procedures to protect individual liberties.

Senator MORSE has a thorough appreciation of the necessity for adequate procedure, both in administrative law and in civil and criminal law. This is badly needed in these days.

I believe his general thesis, that our liberties are no more secure than the procedural rights which are granted to

men and women, is fundamentally correct.

Senator MORSE, of course, is a man of great ability, tremendous energy, and indomitable courage. He is one of the most valuable men who has ever come to the United States Senate, and all of us hope to greet him upon his return here next January.

Mr. HUMPHREY. Mr. President, I wish to join with the Senator from Oregon and the Senator from Illinois in paying a well-deserved tribute and honor to Senator WAYNE MORSE on the tremendous victory that has just been his in the primary election in the State of Oregon.

As a member of the Democratic Party, I am very pleased to see Senator MORSE on the Democratic ballot as the standard bearer of the Democratic Party in Oregon for the office of United States Senator.

I have always admired Senator MORSE's political principles. I have admired and respected his unique capacity for being able to outline those political principles in terms of effective political action.

As has been noted, Senator MORSE had a resounding vote of confidence in the Democratic primary. There were those, of course, who would like to have had us believe that the Democrats of Oregon might not welcome into their ranks this able and distinguished Senator. All those doubts—and I believe they were doubts inspired by the opponents of Senator MORSE and the opponents of the Democratic Party—can now be put at rest.

The Democratic Party nationally and the Democratic Party in the State of Oregon are proud to have within their ranks one of the most able, forceful, and brilliant political spokesmen of our time. Senator MORSE is a constructive constitutional liberal. I emphasize "constitutional liberal," because, as the Senator from Illinois [Mr. DOUGLAS] has pointed out, Senator MORSE is greatly concerned, and justly so, over procedural matters in the actions of Congress and in items of legislation which are ultimately passed by Congress.

Many times I have heard Senator MORSE say that the substance of legislation is conditioned by the procedures. In other words, procedural rights guarantee substantive rights.

All of us who have served in the Senate with him have been students, in a sense, of the professor of constitutional law, and former dean of a great law school, who has been able succinctly and pointedly to demonstrate again and again the importance of fair procedure.

Senator MORSE is known as an effective speaker. But I should like to say that that quality of speech is more than just a facile tongue; it reveals an alert and imaginative and well-informed mind.

Senator MORSE is a student of government and of law. He translates that knowledge of government and of law into legislative programs and political pronouncements which relate to the welfare of the American people. He is fearless, courageous, and, above all, constructive. His service to his country is well known, both as an administrator in the Federal Government during his years of service on the War Labor Board.

and certainly as a Member of the United States Senate.

Senator MORSE has served with distinction and honor on the Senate Committee on Armed Services. I have heard his work praised again and again by members of that committee, including the able and respected majority leader, the Senator from Texas [Mr. JOHNSON].

Senator MORSE was one of the most effective and constructive members of the Labor and Public Welfare Committee. His knowledge of labor law and of labor-management relationships is second to none. I would say that he is one of the outstanding students in the field of labor law and one of the outstanding practitioners of labor-management relationships.

His work in behalf of health and education program and in all the area of social welfare is well known to his colleagues in the Senate and to the public generally.

Furthermore, Mr. President, Senator MORSE, in recent months, has expanded his service in the Senate by being an active member of the Senate Committee on Foreign Relations and of the Senate Committee on Banking and Currency. I note these two assignments because, when the senior Senator from Oregon openly affiliated with the Democratic Party, the response of the Democratic majority in the Senate was to give the Senator from Oregon two of the most important committee assignments within the gift of the United States Senate.

May I point out, Mr. President, that the Democratic steering committee considered the assignment of Senator MORSE to those committees with care, and it was the feeling of the committee, namely, the committee responsible for the committee assignments, that Senator MORSE was well qualified to be a member of the Senate Committee on Foreign Relations because of his broad knowledge and understanding of the world in which we live and of the grave problems which affect it, and also because of his unrelenting and fearless opposition to any form of totalitarianism, and, in this generation, that form of totalitarianism known as communism. If any Member of the Senate can qualify for being an effective anti-Communist, it is Senator MORSE.

He is not only that, Mr. President, he is profreedom. He has championed the cause of individual liberty and political freedom in this Chamber and, at the same time, has struck hammer blows against any form of tyranny over the mind or the body of man.

Mr. President, I think one of the little things which may have gone unnoticed is his work on behalf of the people of the District of Columbia. Senator MORSE has served with diligence and great honor to himself and to the Capital City as a member of the Committee on the District of Columbia. That is not an assignment which Senators generally wish, but he has stood by his assignment and has championed the cause of home rule, the cause of equal opportunity for all citizens regardless of race, color, or creed; he has stood up for the finest of democratic principles in the District of Columbia. This is a service which has gone unher-

alded, and yet it is symbolic of the meticulous nature of the Senator from Oregon and of his devotion to public service.

Finally, Mr. President, may I say that we admire and respect the able Senator and are very happy to welcome him into the ranks of the Democratic Party because of his sound principles of conservation and his dedication to the development of our great natural resources. Many is the time, Mr. President, that the voice of Senator MORSE has been heard in this Chamber speaking for the development of our great river valleys, our great water resources, and, at the same time, he has stood courageously on the floor of the Senate to fight against the giving away of the people's heritage—our forest lands, our water resources, our land resources, and our great national parks.

Senator MORSE has been and is an able and devoted servant of the State which he has the privilege of representing in part. And may I say, most frankly, Mr. President, that Senator MORSE is very fortunate to have at his side his able colleague, Senator NEUBERGER. They stand together as a team for the good of their country.

Mr. President, in the coming general election the issue will be joined in Oregon with respect to our national resources and their protection and development. The exponent of the Republican philosophy, Mr. McKay, will stand as the standard bearer of the Republican Party in Oregon. Senator WAYNE MORSE will be the standard bearer of the Democratic cause. These two men will not be simply personalities in a political contest. They represent philosophies, and it will be interesting to watch the developments. I predict that when the final vote is counted it will be found that the people of Oregon responded to the forthright, progressive, liberal message of the Senator from Oregon, and repudiated the philosophy which has permitted much of our great natural resources to be given away, conservation programs to be weakened, and the public interest to be diluted.

Mr. ANDERSON. Mr. President, I desire to associate myself with the remarks which have been made with reference to the renomination of the able Senator from Oregon [Mr. MORSE]. I have watched his work for a long time, and observed his contributions while he was a member of the Republican Party in the Senate. We all recognized that when there was before the Senate a bill to grant some portion of land belonging to the United States for some purpose, no matter how worthy, he asked us to consider the Morse formula, because he has steadily taken the position that in the consideration of special bills all the rights of the people of the United States should be protected.

Senator MORSE takes a great interest in the work of the District of Columbia, as the Senator from Minnesota has pointed out. That, Mr. President, is to a great degree a thankless sort of job. As a matter of fact, Senators have been criticized in their home States because they spent too much time representing

the District of Columbia. In some instances word has gone out that perhaps it would be better for a Senator to take care of the home folks instead of being mayor of the District of Columbia. I am extremely happy, therefore, that the Senate of the United States will have the opportunity of again having the Senator from Oregon as a representative of the voteless people of the District of Columbia in the work he does in their behalf.

Mr. President, as a westerner, as a member of the Senate Committee on Interior and Insular Affairs, and as chairman, for the present, at least, of the Subcommittee on Irrigation and Reclamation, I welcome Senator MORSE because of the great interest he has taken in the conservation of our resources in this country. The protection of these water resources against exploitation requires constant vigilance to make sure that they will be available for the people of the coming generations. I know the Senator from Oregon has been firm and immovable in his support of the conservation of the natural resources of the country.

I recall also, Mr. President, his long continued interest in the cause of the conservation of timber. This interest was brought to my attention when I was associated with the Department of Agriculture, and I have steadily observed that he has not waived in the slightest in his desire to make certain that the timber resources of the United States not only shall be conserved, but that they shall be harvested at the proper time for harvesting.

We have had in this country a situation in which much timber could not be harvested because access roads were not available. Timber, like any other crop, can become overripe and can be wasted through the inability to harvest it at the time the timber becomes ripe.

It was my good fortune to fly, in a small plane, over a great area of the timber resource of the Northwest which is in the State so ably represented, in part, by the senior Senator from Oregon, and to see there the evidences of hundreds of thousands of acres of timber which presented the possibility of becoming overripe.

The senior Senator from Oregon has steadily fought for a program of construction of access roads which would permit this timber to be harvested. I think that in that activity he has served a useful purpose, not only to the people of his State, but to all the people of the United States.

Therefore, I am happy to join with other Senators in expressing our joy at his nomination to be the Democratic candidate for the Senate in the coming election, and to express my hope and conviction that he will be returned to the Senate of the United States.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to express my agreement with what has been said by other Senators who have spoken about the distinguished senior Senator from Oregon. I am happy to acknowledge that when it comes to the subject of conservation, he is one of the outstanding Members of the Senate.

In my opinion, wastefulness in the use of our natural resources is something which we must guard against if we hope to preserve the resources of our country.

I have always found the senior Senator from Oregon to be out in front fighting for those whom we call underprivileged, the poor people, the working people. When I say "working people," I mean those who work in factories or in other ways earn their living by the sweat of their brow. The senior Senator from Oregon is one who has always stood up and fought hard for the people in the United States who needed help.

Mr. President, it is for these reasons that I add my humble remarks to those which have already been made in behalf of the senior Senator from Oregon, Senator WAYNE MORSE. Not only is he able, but he is courageous, and at all times performs his duty fearlessly.

I would have felt that I was derelict in my duty if I did not align myself with those who have today paid tribute to the Senator from Oregon.

Mr. LEHMAN. Mr. President, I was delighted to read in the press that our colleague, the senior Senator from Oregon (Mr. MORSE), was renominated on the Democratic ticket last week by an overwhelming vote.

Since I came to the Senate 7 years ago, I have worked no more closely with any man than with WAYNE MORSE. As a matter of fact, I worked with him closely before he became a Democrat, during the years when he was a Republican and I served in this body with him. I worked with him more recently, when he was an Independent.

In my opinion, there is no more liberal-minded Member of this body today than WAYNE MORSE. There is no greater student of constitutional law. No man has concerned himself more fully, or with greater effectiveness, with legislative procedures and legislative traditions, than has WAYNE MORSE.

No man has fought harder or more continuously and constructively for human liberty, for equality and justice for all men and women, regardless of race, color, or creed, and for the dignity of the individual, than has WAYNE MORSE.

I am very glad indeed that WAYNE MORSE will be here for the next 6 years, as I have no doubt of his reelection to the United States Senate. He will continue to serve his State and the Nation with great devotion, and with unusual effectiveness, as he has served for the past many years in the United States Senate.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The Chair announces that under the precedents of the Senate, the committee substitute for the text of the bill will be regarded as the original text for the purposes of amendment.

The Chair now recognizes the senior Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, S. 2875, the bill to revise the Civil Service Retirement Act is, in the judgment of many students of good government, the most progressive and important piece of employee legislation that has been acted upon by the Post Office and Civil Service Committee during the past several decades.

Certainly no other measure has been so long sought, fervently desired, and completely endorsed by the rank and file Federal employee.

The civil-service retirement and disability program was established in 1920. Since that time the act has been amended many times on a piecemeal basis, until today it is one of the most complex measures on the statute books. The present law is difficult to administer. Glaring inequities have developed and grown over the years. Benefits have not kept pace with the times, and full understanding of the law escapes all but the few who live with it on a day-to-day basis. Congress and Federal employees alike have long recognized the need for a complete revamping of the retirement act.

Deficiencies and inequities in present law have been cited by management and employees as one of the reasons for the high separation rate of career personnel. The failure of the Government to keep pace with industry in retirement matters has been given as one of the reasons why it has become so difficult to attract scientists, engineers, doctors, nurses, and other classes of professional and skilled personnel needed to staff and efficiently and economically perform a multitude of Federal services.

In recognition of these facts, the 82d Congress, on July 16, 1952, enacted Public Law 555, which authorized the establishment in the executive branch of a committee on retirement policy for Federal personnel to conduct a study and report thereon to the Congress. The report of that committee was submitted during the 1st session of the 84th Congress. Since then that report and a multitude of related material have been the subject of long and careful study.

Yes, S. 2875 is truly the product of long study, extended conferences, full public hearings and exhaustive executive sessions by a special subcommittee and again by the full committee.

The bill will, within the framework of the existing civil service retirement system.

(a) Provide many long-justified, highly desirable, and sorely needed liberalized and expanded retirement, survivorship, and disability benefits;

(b) Provide an opportunity for continuity of coverage under the old-age and survivorship insurance program or the civil-service retirement system to employees who shift back and forth between private and Federal employment;

(c) Remove or correct inequities now existing.

(d) Clarify ambiguous and conflicting provisions in existing law, to the end that the retirement system can be more easily

and equitably administered by the Civil Service Commission and better understood by the several million present and future Federal employees who will have a vested interest in it.

Moreover, the bill provides a sound and systematic method of pay-as-you-go financing—

(a) To assure the perpetual integrity and solvency of the civil-service retirement and disability fund; and

(b) To require that all future costs of benefits to be derived from the plan be shared equally by employer and employee on a current basis.

Mr. President, the legislative history of the civil-service retirement system makes it quite clear that it has been the continuing intent of Congress since approval of the original act in 1920 that the cost of the program should be shared equally by the Government and those subject to it. In practice, however, the Government has failed to meet its share of the cost of the program, whereas employees have met their share of the cost through the regular payroll deductions required by law.

Mr. President, I hold in my hand a table entitled "Civil Service Retirement and Disability Fund," which shows how the fund has been handled since 1921—that is, since the initiation by Congress of the retirement system. In looking at the figures for a term of years, I notice that for the first few years, the Federal Government's appropriations were zero, up until 1929. In 1929 the Federal Government started making appropriations for civil-service retirement purposes. I call attention to the fact that in 1929 the employees' contributions were \$28,122,943.18. The Government's appropriation was \$19,950,000.

It will be noticed that in the next year the Government increased its appropriation.

In the following year, 1931, it also increased its appropriation.

Then for the next 5 years the appropriation remained at the same amount, although it will be found that in practically every year the employees' contributions were increasing.

Then in 1936, when the Government had not been keeping up on its obligation, it will be found that the Government appropriated more than the employees contributed. The employees' contribution was \$32,405,114.23, and the Federal Government appropriated \$40,150,000.

In 1937 it will again be found that the Federal Government increased its appropriation by a little over \$6 million.

It will be found that in 1938 the Federal Government almost doubled its appropriation. In that year the Federal Government appropriated almost twice what the employee contributions amounted to.

I bring this matter to the attention of my colleagues to show that the Federal Government has made contributions year after year. It will be found that up until 1954 the Federal Government was making very substantial contributions.

In 1954 the Government decreased its contributions from \$325,304,154.19 to

\$35,303,239.17. The Government cut its appropriation to about 10 percent of what it had been the year before.

It will also be found that in 1955 the Government's appropriation was cut to almost the same ratio.

If that trend continues and the Federal Government does not match the

funds contributed by the employees, the fund will go on the rocks. If the Federal Government continues to cut its appropriations, the fund will not be able to continue.

Mr. President, I ask unanimous consent to have printed in the RECORD, at

this point in my remarks, the table which I send to the desk, for the information of those who care to look into this matter.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U. S. CIVIL SERVICE COMMISSION

Civil service retirement and disability fund—Summary of cash receipts, disbursements, and balances for fiscal years 1921 through 1955

Fiscal year ended, June 30	Receipts				Disbursements					Transfers from (+) to (-) other retirement systems	Balance in fund June 30
	Deductions from salaries of employees and voluntary contributions ¹	Government appropriations	Interest on investments	Total receipts	Payments to retired employees ²	Payments to survivor annuitants	Payments of refunds and death claims	Adjustments	Total disbursements		
1921-28	\$142,729,500.09		\$13,211,143.86	\$155,940,643.95	\$51,032,215.83		\$21,966,957.44	-\$43,788.62	\$72,955,384.65		\$82,985,259.30
1929	28,122,943.18	\$19,950,000.00	4,446,797.16	52,519,740.34	12,005,059.88		4,067,423.54	-9,913.35	16,062,570.07		119,442,429.57
1930	29,048,108.65	20,500,000.00	5,899,257.42	55,447,366.07	13,107,731.55		5,049,107.36	-30,340.00	18,126,498.91		156,763,296.73
1931	29,944,191.69	21,000,000.00	7,332,320.46	58,276,512.15	19,859,891.09		4,160,371.69	-27,945.37	23,992,317.41		191,047,491.47
1932	31,889,697.70	21,000,000.00	8,588,812.85	61,478,510.55	23,545,890.19		3,924,374.87		27,470,075.06	-\$1,467,800.94	223,588,126.02
1933	30,493,792.21	21,000,000.00	9,752,298.53	61,246,090.74	30,048,405.96		4,789,286.09		34,837,692.05		249,996,524.71
1934	28,703,458.68	21,000,000.00	10,518,358.79	60,221,817.47	39,620,913.80		8,035,785.74		47,656,699.54		262,561,642.64
1935	30,089,204.72	21,000,000.00	10,822,890.96	61,912,095.68	46,970,622.68		5,773,407.52		52,744,030.20		271,729,708.12
1936	32,405,114.23	40,150,000.00	11,712,785.15	84,267,899.38	50,243,146.50		6,465,675.63		56,708,822.13		299,288,785.37
1937	34,990,072.51	46,200,000.00	13,012,960.98	94,203,033.49	51,900,514.78		7,228,159.49		59,128,674.27	-3,152.77	334,359,981.82
1938	37,322,049.95	73,234,760.00	16,635,825.67	127,192,635.62	54,153,266.80		8,322,354.32		62,475,621.12		399,076,996.32
1939	39,189,390.16	75,086,760.00	19,220,490.57	133,496,640.73	56,530,979.43		7,287,249.24		63,818,228.67		468,755,408.38
1940	42,944,829.42	87,171,760.00	21,564,999.99	151,681,589.41	59,252,240.81		8,063,235.48		67,315,476.29		553,121,521.50
1941	55,402,455.43	91,559,110.00	25,163,610.35	172,125,175.78	62,736,210.79		9,633,919.52		72,370,130.31	-57,703.07	632,818,863.90
1942	86,927,205.68	101,761,202.00	29,722,392.61	218,410,800.29	65,181,672.41		11,185,722.80		76,367,395.21	-10,384.05	794,851,884.93
1943	226,149,125.31	106,137,575.00	37,788,863.36	370,075,563.67	69,463,337.67		14,168,467.69		83,631,805.36		1,081,295,643.24
1944	269,408,079.79	175,993,037.00	52,767,637.64	498,158,754.43	74,207,149.21		28,954,250.38		103,161,399.59	-4,379.92	1,476,298,618.16
1945	288,114,029.05	195,790,875.00	68,582,148.62	552,487,052.67	80,257,778.58		72,293,349.39		152,551,127.97	-6,891.16	1,875,227,651.70
1946	279,537,869.58	246,220,000.00	84,430,220.33	610,188,089.91	88,995,694.43		196,195,067.85		285,190,762.28		2,201,224,979.33
1947	255,895,491.10	221,293,000.00	94,394,089.36	571,582,580.46	101,264,807.24		192,608,630.23	+1,199.28	293,874,636.75	-13,329.10	2,478,919,593.04
1948	234,847,511.44	245,530,000.00	107,112,645.48	587,490,156.92	114,517,734.93		126,056,064.60	+849.54	240,574,649.07	-15,021.11	2,825,820,080.68
1949	325,149,015.50	226,032,000.00	122,798,553.78	673,979,570.28	146,704,613.65	\$2,609,943.10	68,421,210.60		217,735,767.35	+5,499,236.04	3,287,563,119.65
1950	355,649,805.37	304,508,880.54	143,173,559.13	803,332,245.14	164,430,000.29	5,777,921.51	96,291,714.37		266,499,636.17	+17,833,623.83	3,842,229,352.45
1951	374,872,990.23	307,117,455.27	164,561,022.06	846,551,467.56	185,421,904.44	10,897,666.71	72,534,135.97		268,853,707.12		4,419,927,112.89
1952	414,782,450.77	312,776,021.36	188,130,280.70	915,688,752.83	203,625,518.34	16,079,596.08	78,879,612.88		298,584,727.30		5,037,031,138.42
1953	420,034,454.57	325,304,154.19	214,609,442.91	959,948,051.67	246,711,413.29	23,472,466.16	91,023,429.55		361,207,314.00		5,635,771,876.09
1954	425,000,030.73	35,303,239.17	225,654,018.14	685,957,288.04	281,560,565.67	29,445,478.97	96,118,629.17		409,124,673.81		5,912,604,490.32
1955	440,284,878.46	33,678,729.94	234,377,235.52	708,340,841.92	310,280,639.20	34,858,748.06	82,655,739.37		427,705,126.69		6,194,844,496.61
Total	4,989,927,747.20	3,396,298,559.57	1,945,984,662.38	10,332,210,969.15	2,703,629,734.44	123,141,820.59	1,334,153,332.78	-109,938.52	4,160,814,949.29	+21,754,187.75	

¹ Includes payments into the fund for purchase of creditable service.

² Includes payments of accrued annuities to estates of deceased annuitants, and payments to survivor annuitants for the fiscal years 1941-48.

³ Includes \$137,341.81 collections and \$507.16 repayments in transit, credited by Treasury in July 1955, \$60 in the accountable officer's cash fund, and accounts receivable as of June 30, 1955, in amount of \$1,694,289.

Mr. JOHNSTON of South Carolina. Mr. President, this table shows the amount of contributions made to the fund by the Government and by employees. However, these figures alone do not reflect the true status of affairs, for had the Government contributed its share on a current basis, the fund would have benefited from the interest thereon to the same extent as it has by the accrual of interest on employee contributions. Additionally, on several occasions, benevolent Congresses have provided increased benefits to retired employees. When that has occurred, the Government, more often than not, has made no compensating appropriations to the fund; and, of course, the recipients of the increased benefits, because of their retired status, did not make the usual employee contribution. Thus, any current deficiency in the fund—to the extent one exists—is a direct liability of the Government, due in part to its not having met its share of normal costs by not matching the contributions of employees, and in part to granting increased benefits to retired employees without, at the same time, providing for the increases through immediate appropriations to the fund or by adoption of some other appropriate method of financing the additional cost.

The Civil Service Commission estimates that, for all future service, the

benefit structure provided by the bill involves a cost of not to exceed 14 percent of payroll. The bill proposes to meet this future service cost fully by a salary deduction of 7 percent for each employee, and by an agency contribution matching the employee deduction. Thus, for the first time since enactment of the retirement program in 1920, machinery is provided to require both the employer and the employee to share equally on a current basis the future service costs.

The committee is of the firm belief that the cost of retirement is a valid part of the cost of continuing Government operations, and should be taken into account currently. In other words, the deferred compensation which ultimately becomes payable in the form of retirement benefits should be accounted for as part of the current cost of defense, of public health, and of each of the many services provided by the Government. The provision for an agency contribution matching that of its employees recognizes all of these considerations.

Additionally, the bill provides that all moneys in the civil service retirement and disability fund shall be invested in securities of the United States, bearing interest at the rate of 3½ percent per annum. During the first 30 years of the program, moneys in the fund were

invested in securities of the United States, bearing interest at the rate of 4 percent per annum. In 1953, the interest rate was reduced by action of the Secretary of the Treasury to 3 percent per annum. That action curtailed the income of the fund by many millions of dollars a year.

Mr. President, for fear that some persons may misunderstand the table which I had placed in the RECORD, showing the amount of interest received for the last 2 years, I should like to explain that while it may appear that more interest was being received, it was due to the fact that bonds had been bought, and the bonds matured at the end of 10 years. That made it appear as though a great amount of interest was being received, but the reason for it was that the interest had accumulated over several years.

By fixing the interest rate at 3½ percent a year, the earning power of the fund will be restored to a proper level.

Mr. President, I think it most important to note—even at the expense of repetition—that the financial provisions of the bill establish the retirement fund on a solid and solvent footing. The cost of the program is met on a pay-as-you-go basis, and is not left for future generations to pay. That is accomplished by increasing the contribution of employees from 6 to 7 percent. In other words, the employees themselves will pay for a siz-

able portion of the added benefits provided by the bill. A second new provision requires that employee contributions be matched by the agencies out of current operating funds. No longer will it be possible to defer the cost of the program—as we have witnessed in the past 3 years—simply to offer a so-called balanced budget to the public. A third provision requires that moneys in the retirement fund be invested at a proper rate of interest.

I am proud of these provisions of the bill, and I suggest that their adoption will remove from the political arena for all time to come, the question of the financial position of the civil service retirement system.

Mr. President, among the major changes in benefits provided by the bill are the following:

First. The bill provides for increased retirement benefits by raising the computation factor from $1\frac{1}{2}$ percent of the "high 5-year average salary" times years of service to 2 percent with respect to all service in excess of 5 years.

Second. The bill permits optional retirement, after 30 years of service, at any age. However, if under the age of 60 at the time of retirement, the annuity of the employee is to be reduced on a sliding scale, based on the number of months the employee is under the age of 60 at the time of retirement.

Third. The bill authorizes an immediate annuity to employees involuntarily separated, through no fault of their own, who have attained the age of 50 years, and have rendered at least 25 years of service. Under present law, a void exists with respect to employees with 20 years, but less than 25 years, of service. Such employees cannot withdraw their contributions from the retirement fund, and they must wait until they reach the age of 62 years before becoming entitled to a deferred annuity. The bill alleviates this situation, at least with respect to older age employees who have reached the point in life when it is difficult, if not indeed impossible, to start another career.

Fourth. The bill provides to surviving widows immediate annuities equal to 50 percent of the annuity earned by the husband at the time of his death, and payable until her death or remarriage. Under present law, she receives no annuity until she attains the age of 50 years.

Fifth. The bill increases the benefits payable to surviving children. Under the amendment now at the desk, such payments would be raised, but would be limited to an amount so as not to exceed: (a) \$600, in the case of one child; (b) 40 percent of the deceased employee's "average salary," with respect to total payments to all surviving children; or, (c) \$1,800 total, with respect to all children.

Under present law, payments to surviving children may, and often do, run as low as \$5 a month; in no case do they exceed \$30 a month. I think there should be no doubt that such amounts are totally inadequate.

Sixth. The bill reduces the service prerequisite for election of survivorship benefits from 15 years to 5 years, and

extends the right of election to employees with entitlement to deferred annuities.

Seventh. The bill provides that a surviving widow or dependent widower shall receive an automatic immediate annuity equal to 50 percent of such part of the annuitant's earned annuity as does not exceed \$2,400; and when so elected by the annuitant, the surviving widow or widower shall receive, in addition thereto, 50 percent of such part of the annuitant's earned annuity as exceeds \$2,400, both amounts payable immediately, and until the survivor remarries or dies. An employee making such an election is required to take a reduction of 10 percent on such part of his annuity as is in excess of \$2,400.

Under present law, the annuity of an employee making the survivorship election is reduced by 5 percent of the first \$1,500 of his or her annuity, and by 10 percent of all in excess thereof, plus three-fourths of 1 percent for each year the designated spouse is under age 60 when the employee retires.

Eighth. The bill provides that the annuity of any employee retired due to total disability after meeting the 5-year service requirement be: First, 40 percent of his "high 5-year average salary"; or, second, the amount of his earned annuity had he continued to work until reaching the age of 60 years, whichever is the lesser. Present law provides no minimum for a total disability annuity but accords the employee only the amount of his earned annuity at the time the disability occurs.

Ninth. The bill provides a method for the transfer of service credit between civil-service retirement and social security to provide continuity of coverage to employees who shift back and forth between Federal and private employment. Under the method provided, if an employee with less than 20 years of service should leave the Government, he would have the option, first, of leaving his contributions in the retirement fund with entitlement to a deferred annuity upon reaching age 60; or, second, of taking a refund (a) of the full amount of his contributions in the retirement fund, or (b) the amount of his contributions in the retirement fund less the amount he would have contributed to OASI had he been covered under OASI during the period of service involved.

In the event the employee exercises the option to obtain OASI coverage, the Civil Service Commission will transfer to OASI the amount withheld from the employee plus a matching amount representing the employer's contribution, and OASI will credit the employee with the service involved.

If the employee, at a later date, should reenter the Federal service, he would again have an option, first, of leaving his service credit with OASI; or, second, of restoring his service credit in the civil service retirement system. If he makes the latter choice, he would be required to pay back the refund he received, and OASI would return to the civil-service fund the amount it received. In no case, however, would an employee be allowed to gain credit under both systems for the same period of service.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CURTIS. Suppose Federal service credited to an individual at the present time can be applied both to civil-service retirement and social-security retirement. Would the bill take away such dual coverage, if it is permitted under the present law?

Mr. JOHNSTON of South Carolina. No; it would not change the law in that respect. Such an individual could still be covered under both laws if he had already earned it. The bill applies only to service performed after January 1, the date set out in the bill.

The provision relating to an employee's reentry into the service will provide adequate protection against loss of coverage to employees who move in and out of the Federal service.

Tenth. The bill overcomes many differences in benefits, requirements, and conditions existing under present law. It removes certain inequities and corrects others, and to the extent possible and justified, its provisions are made applicable on an equal basis to all groups which make up the more than 2 million individuals covered by the act.

Following extensive public hearings and exhaustive executive sessions, S. 2875 was reported to the full committee by unanimous vote of the five-member subcommittee. Again following deliberate consideration, the bill was reported by the full committee by a vote of 12 to 0—although in each instance, one member, while voting to report the bill, reserved the right to oppose it or offer amendments on the floor.

When this member of the committee made that statement, the chairman stated that it had always been the custom for every member of the committee to reserve the right to offer such amendments as he might see fit to offer after the bill had been reported from the committee. It would not be right or just for any member of the committee to be bound to refrain from offering amendments on the floor of the Senate, any more than it would be just to bind any other Member of the Senate and prevent him from doing what he thought was right in drafting the laws of the Nation.

I do not recall any major bill of such far-reaching importance that has been reported by the committee with more complete endorsement than Senate bill 2875.

Mr. President, Senate bill 2875 is a good bill. It is a progressive bill. It is a needed bill. Its enactment will raise the morale of Federal employees, increase their efficiency and productivity, and keep with the Government many employees who are already learned in their fields. They will remain with the Government if we pass this type of measure. If we do not pass such legislation they will leave the employ of the Federal Government and go into private business. That is particularly true because private business concerns at the present time are very far ahead of the Federal Government from the standpoint of retirement systems.

The cost of the bill, if enacted, will prove to be a sound investment, from which Uncle Sam will receive handsome dividends in the years to come. It will also induce some employees to retire a little sooner than they would otherwise retire; and, at the same time, the bill would take up a certain amount of slack in unemployment at the present time.

Mr. President, I should like to read into the RECORD at this time a letter from a very close friend of mine, Mr. J. C. Wilcox, an attorney in Columbia, S. C. It so happens that Mr. Cox and I went to college together. I had written to him and asked him what he thought of the pending bill. He made a study of it and wrote me the following letter:

COLUMBIA, S. C., February 24, 1956.

HON. OLIN D. JOHNSTON,
United States Senate,

Washington, D. C.

DEAR OLIN: I thoroughly enjoyed your talk 2 weeks ago tonight. At that time you asked me what I thought the reaction of Federal employees would be if your retirement bill, S. 2875, met with rough sledding and in an attempt to save it, same was amended to increase the amount of money that employees pay into the retirement fund from 6 to 7, or possibly 7½ percent. I told you at that time I thought their reaction would be favorable but I planned then and there to give you a more complete reply after inquiring from a number of representative individuals. Therefore, since I have seen you, I have contacted and discussed this subject with exactly 100 people. About 24 of the hundred were Government employees located at Fort Jackson; about 27 were from the VA regional office; about 20 were from the VA hospital, and the remainder were from other Government agencies. I attempted to avoid all people having 29 to 35 years of service, and those with 2 or 3 years of service, and attempted to get answers from those people with from 6 to 22 years of service. Of the 100 contacted, 80 were entirely favorable to increasing the amount, if necessary, from 1 to 1½ percent, and some of them expressed a willingness to increase same even to 2 percent. Four of the 100 contacted were noncommittal. Sixteen were passive and presented some position against it. After talking with these 16 for a few minutes and explaining the bill, 12 of them reversed themselves and asked to be recorded as very much in favor of the bill. Of the remaining 4 who dissented, 3 have since called me over the telephone and reversed themselves. So, of the hundred contacted, the count at present is 95 unqualifiedly for the bill; 4 noncommittal; and 1 passive. I think these figures are very interesting, and they are sincerely given. I think you might say at least 95 percent of the employees are definitely in favor of your bill as against all others and would like to have it even if it takes 1½ percent additional takeout from their pay.

Incidentally, I have reviewed some figures which I suppose you know quite well. There is a reserve at present of approximately \$6½ billion in the fund. About \$5½ billion has been accumulated by payments of Federal employees. Beginning on August 1, 1920, 2½ percent was taken from their pay for 5 years and 11 months. Then, beginning on June 30, 1926, 3½ percent was taken from their salaries for a period of 16 years. Then beginning June 30, 1942, 5 percent was taken from their salaries for a period of 6 years, and from June 30, 1948, 6 percent has been taken from their salaries. These payments have built up a reserve of approximately five and one-half billion, and the Government has added approximately one billion to make the present reserve six and one-half billion. During this time, approximately two and

one-fourth billion has been paid out in benefits. While these figures might lead one to believe that the reserve is sufficient, it is also true that new blood has come into the retirement act, Members of Congress and legislative help, which as I see it jeopardizes the reserve fund somewhat due to the fact that while these employees pay their full voltage of 6 percent, they have only been paying for a short time and I see no reason to put the passage of the bill in any jeopardy whatsoever by attempting to pass it without additional revenue. It looks to me like the difference between a retired employee existing and living, and I respectfully suggest that the tremendous number of your constituents coming in the category of retirement would be greatly pleased and benefited by the passage of the bill and would heartily endorse an additional takeout of 1 or 1½ percent.

Sincerely yours,

J. C. WILLCOX.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LONG. I should like to congratulate the distinguished Senator and other members of his committee for the fine work they have gone on the pending bill. I have had an opportunity to study the committee report, and I believe the bill is a sound bill. In my opinion, it would greatly improve our retirement system. Therefore, I should like to congratulate the Senator for the fine work he and his committee have done on the pending bill.

Mr. JOHNSTON of South Carolina. I thank the distinguished Senator from Louisiana for his very generous remarks. Having served with him on the committee for several years, and knowing that he has studied this subject, I appreciate all the more his complimentary statement.

Mr. LONG. There are many fine employees serving with our Government at the present time who have given loyal service to the Government and have contributed to the building up of the retirement system, which would be improved by the passage of the pending bill.

The Senator has directed his attention year after year to improving the retirement system, and he is certainly going in the right direction with the bill he has brought before the Senate.

Mr. JOHNSTON of South Carolina. I thank the Senator from Louisiana. Needless to say, I am very proud of the bill now before the Senate. If no Senator desires to ask me any questions at this time, I yield the floor.

Mr. NEUBERGER. Mr. President, enactment of S. 2875 will represent a great step forward for the retirement system of Federal employees. As a Member of the Senate Committee on Post Office and Civil Service, I have considered it a privilege to have had a part in the study and formulation of this measure, which will affect the future security and living standards of millions of Americans who are giving their working years to the public service.

Among the improvements which S. 2875 will make in the present retirement system, I think the new survivorship benefits are among the most important. Under present law, the widow of a Federal employee receives no such benefits until she reaches the age of 50 years.

Under S. 2875, she will get an annuity of one-half of that earned by her husband immediately from the time of his death. Even more important, S. 2875 provides annuities for surviving children under the age of 18 of \$600 a year, or \$720 if they are also motherless.

These survivorship benefits are earned with the completion of 5 years of service. I am sure that the knowledge of having provided in this manner for their families will add greatly to the average Federal employee's sense of security. This should also play an important role in making continued Federal service attractive to capable men during the years of their greatest family responsibilities.

Two other provisions of S. 2875 will be beneficial to Federal employees in their own retirement. One increases from 1½ percent to 2 percent, after the first 5 years, the percentage of salary which serves as the basis of computing the annuity, and thus permits substantial increases in annuities. These increases are made advisable by a rising cost of living.

The other provision provides a method of transferring credit for years of Government service to the social security system. This will be of importance to individuals who leave Federal employment after less than 20 years of service, or whose careers bring them in and out of Government work irregularly, for some years at a time.

Mr. President, after long and thorough study, S. 2875 won the unanimous support of our retirement subcommittee. I felt privileged to make the motion to report the bill favorably to the full Committee on Post Office and Civil Service, which also voted unanimously to report the bill favorably to the Senate. S. 2875 is designed to place the retirement fund on a sound basis by increasing from 6 percent to 7 percent the deductions from employees' pay, and by providing, for the first time, that the employing Federal agencies must budget an equal contribution to the fund as a current cost of their activities. In spite of the increased deduction, S. 2875 has the support of the organizations of the Federal employees themselves.

I believe our Federal personnel deserves a modern and adequate retirement program which should be not only equal, but in fact a model, for the programs of large private industries; and I am confident that the Senate will adopt S. 2875 as a step in that direction.

It has been a privilege to work with the senior Senator from South Carolina [Mr. JOHNSTON], as his colleague on the Post Office and Civil Service Committee of the Senate, toward this goal of a more secure and comfortable retirement for our faithful Federal Government employees.

Mr. LEHMAN. Mr. President, the Senate is now considering a much-needed piece of legislation to amend the Civil Service Retirement Act. I hope it will be promptly approved.

I wish to congratulate the distinguished chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], and his associates for bring-

ing this bill before the Senate for consideration.

There is a pressing need to revamp the retirement system for Federal employees. At the same time, any proposal to liberalize benefits and to correct existing inequities must also include provisions to insure the continued solvency and financial integrity of the civil-service retirement fund.

I am pleased to see that the Senate Post Office and Civil Service Committee, in drafting this legislation, was fully aware of its responsibility to see that the fund would be in a position to meet its obligations to the millions of Government workers who are contributing to it and who are dependent on benefits at some future date.

It is no secret that the Government has been having great difficulty in attracting capable and well-qualified personnel. It has also been faced with a high percentage of separations from Government service after relatively short periods of employment. The attraction of Government as a life-time career is facing increasing competition from private industry and business.

There are a number of explanations for this situation. One of the most obvious ones, of course, is the failure of the Government to provide adequate salaries. We must be realistic and accept the fact that, to a large extent, salary levels comprise a major incentive. And on this level, the Federal Government is in a poor position to compete.

But in addition to salary levels during periods of employment, there is also the inducement of security, in other words, retirement provisions.

Congress took steps during the last session of Congress to raise salary levels. In passing the pay raise bills, Congress saw to it that Government salaries were brought somewhat in line with outside pay scales. Frankly, I felt that the increases for civil service and postal employees were inadequate and I was very distressed at the administration's adamant refusal to approve a higher figure. Although the pay raises were a step in the right direction, much still needs to be done along these lines. I hope that such action will be forthcoming in the very near future.

However, this is not the question under consideration at the moment. Today we are concerned with the retirement provisions for Government personnel.

I think it is clearly recognized that the present retirement system, good as it is, has failed to keep pace with retirement and pension programs that have been adopted by private industry.

The changes in the civil-service retirement system embodied in S. 2875 are practical and sound. This legislation will help to persuade present career employees who might otherwise leave to remain with the Government. It will make them happier in their jobs—more content and more secure.

The bill corrects many inequities and inconsistencies in the present law. Its improvements include the following:

First. It changes the computation factor for figuring benefits so as to result in increased benefits.

Second. It permits optional retirement at any age after 30 years of service, thus eliminating the requirement that the individual be at least 55. Although it calls for a reduction in the annuity for every month the retiree is under 60, the reduction which is on a sliding scale, is far less than under the present law.

Third. It permits an individual who is involuntarily retired after the age of 50 with 20 years of service to receive an immediate annuity. Under the present law, he cannot withdraw his money from the fund if he has contributed for more than 20 years. Yet he is not entitled to an immediate annuity unless he has 25 years of service, but must wait until he reaches 62 at which time he becomes eligible for a deferred annuity.

Fourth. It provides considerably expanded survivorship benefits to widows, children, and dependent widowers. At the same time, the reduction in an employee's annuity in the case where he elects survivorship benefits will be much less than under the existing law.

Fifth. It establishes, for the first time, a minimum in the annuity payable in the case of total disability. It also changes the standard to be used in judging whether a disabled worker has been restored to earning capacity. The determining factor would be whether his income amounts to 80 percent of the "current rate of pay" for the position he held at the time of disability. This means that increases in salary levels since the individual became disabled would be taken into account.

Sixth. It establishes a procedure to permit the transfer of credit between the civil-service retirement system and social security.

I think this last point is one of the most important. Until now, the law has failed to make provisions for people who spend part of their lives as employees of the Federal Government and part as employees of private business and industry. It has failed to take into account the person who is a government worker for a time and is self-employed for a time.

I think this problem has become increasingly acute as social-security coverage is broadened to the point where it is well on the way to becoming universal. The Nation is faced with a situation where thousands of people have been unable to acquire benefit rights either under the civil-service retirement system or under social security. By establishing a procedure to permit the transfer of credits between the civil-service retirement system and social security, S. 2875 represents a major advance. The enactment of this bill will mean that thousands of our citizens who now find themselves, in a sense, between Scylla and Charybdis, will be able to face the future with knowledge that they will have some benefits to look forward to when they retire. And what, for many is an even greater cause for concern, they will know that their dependents and survivors will not be left unprovided for.

S. 2875 would solve the problem in the case of an individual who leaves Government service with less than 20 years of

service. He would receive a refund from the retirement system equal to the amount which he has contributed less the amount which he would have paid in to the old-age and survivors insurance fund had he been employed for that period in a job covered by social security rather than by the civil-service retirement system.

If he returned to Government service, he would have the option of retaining his OASI credit or of once again coming in under the civil-service retirement system. In this case, he would have to pay back the amount he had received in the form of a refund, and OASI would return to the retirement fund the amount it had received.

This procedure will preserve the retirement benefits of people who leave the Government after periods of loyal and faithful service. But it will also mean that the Government will be able to obtain the services of many highly qualified people who are, in a number of instances, reluctant to accept positions with the Federal Government because to do so may have an adverse effect on their status under social security.

I mentioned earlier the provisions of S. 2875 to maintain the actuarial soundness of the fund. The bill calls for an increase, as of January 1, 1957, in the contributions to be made by the employee from the present rate of 6 percent of his salary to 7 percent. It also provides that, beginning after June 30, 1957, each agency or department of the Federal Government will make a like contribution. The money paid out by the Government in the form of retirement benefits is as much a part of the continuing cost of Government operations as are the numerous other functions of the Government. As such, I think this requirement, that the Government, as an employer, match the contributions of its employees on a current basis, is a valid proposal. Other systems—for example, the railroad retirement program and OASI—are set up on the employer-employee matching basis. I can see no reason why the civil service retirement system should operate differently.

This bill further provides that the earning power of the fund be improved somewhat. The moneys in the fund are invested in United States securities which, as a result of action taken by the Secretary of the Treasury, pay interest at the rate of 3 percent. S. 2875 provides that the moneys be invested in Government securities bearing interest at 3½ percent.

Although S. 2875 is an excellent bill, it is deficient in one major respect. It contains no provision to increase the benefits of former employees now on the retirement rolls. I think this is a serious omission. However, the Committee on Post Office and Civil Service has indicated that it is aware of the need for action along these lines, and I understand that the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON] intends to hold hearings on proposed legislation for this purpose which has already been introduced. I am pleased to note the committee's concern over the problems faced

by those who have already retired, and I hope legislation to provide much-needed increases in their benefits will be approved.

I am also pleased to note the inclusion in the bill of a statement declaring it to be the policy of Congress that retirement annuities should be adjusted whenever adjustments are made in the salaries of current employees. I realize that this statement has no force of law and that it cannot be carried out without specific legislation. I believe, however, that it takes cognizance of a very serious problem, and I hope that future Congresses will respect this declaration of policy and will honor it.

The support for S. 2875 is widespread. The measure has received the full backing of the organizations representing civil-service employees. My mail for weeks, now, has been overwhelmingly in favor of the bill. I have had thousands of letters, telegrams, and postcards, not only from the employee organizations, but also from individuals, telling me how much these changes will mean to them. I think it is significant that out of all the thousands of communications I have received, only one objected to the proposed increase of 1 percent in the employee's contribution. I believe that this is indicative of the sense of responsibility which our Government employees have. They want and need the improvements contained in S. 2875. At the same time, they recognize that they must be willing to pay for them. They have shown that they are glad to accept this obligation.

We have shown too little gratitude to the civil-service employee in years past. Our Government workers have been the subject of both neglect and abuse. We, as Members of Congress, are presented with an opportunity to prove to these men and women that we appreciate their devotion and hard work. We can show them that we believe that they should not be made to suffer because they are working for the Government. By enacting S. 2875, we can demonstrate that the Federal Government as an employer, is as concerned about the future welfare of its employees as is private industry. Let us not put our Government at a disadvantage in this respect. Let us, by giving our wholehearted support to S. 2875, show that we intend to keep faith with civil-service workers.

APPOINTMENT OF DOCTORS OF OSTEOPATHY IN THE MEDICAL CORPS

Mr. SYMINGTON. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1894, House bill 483.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 483) to amend the Army-Navy-Public Health Service Medical Officer Procurement Act of 1947, as amended, so as to provide for appointment of doctors of

osteopathy in the Medical Corps of the Army and Navy.

Mr. SYMINGTON. Mr. President, I should like to announce that the bill has been cleared with both the majority and minority leaders of the Senate. Therefore, I request the immediate consideration of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 483), which had been reported from the Committee on Armed Services with an amendment, to strike out all after the enacting clause and insert:

(a) The second sentence of section 201 (a) of the Army-Navy-Public Health Service Medical Officer Procurement Act of 1947, as amended, is amended (1) by inserting "(1)" immediately before the word "qualified" and (2) by striking the period at the end thereof and inserting a comma and the following: "or (2) doctors of osteopathy who are qualified under subsection (g) hereof."

(b) Sections 201 (b) and (c) of such act are amended (1) by inserting immediately after the word "medicine" wherever it appears therein "or osteopathy" and (2) by inserting in the second sentence of section 201 (b) after the word "medical" the following: ", osteopathic."

(c) Section 201 of such act is further amended by adding at the end thereof the following new subsection:

"(g) to be eligible for appointment under this act a doctor of osteopathy must: (1) be a citizen of the United States, (2) be a graduate of a college of osteopathy whose graduates are eligible for licensure to practice medicine or surgery in a majority of the States, or be licensed to practice medicine, surgery, or osteopathy in one of the States or Territories of the United States or in the District of Columbia, (3) be recommended for such appointment by the Surgeon General of the Army or Air Force or the Chief of the Bureau of Medicine and Surgery of the Navy, (4) possess such qualifications as the Secretary concerned may prescribe for his service, and (5) under regulations prescribed by the Secretary of Defense have completed a number of years of osteopathic and preosteopathic education equal to the number of years of medical and premedical education prescribed for persons entering recognized schools of medicine who became doctors of medicine and who would be qualified for appointment under this title in the grade for which such doctor of osteopathy is applying."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. SYMINGTON. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement in respect to the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PROVIDING FOR APPOINTMENT OF DOCTORS OF OSTEOPATHY AS MEDICAL OFFICERS IN THE ARMED SERVICES

(Statement by Senator SYMINGTON)

The purpose of H. R. 483 is to provide permissive authority for appointing doctors of osteopathy as regular medical officers in the Medical Corps of the three military services. At the present time only doctors of medicine

are eligible for such appointments. The bill expressly provides that in order to be eligible for appointment a doctor of osteopathy must (1) be a graduate of a college of osteopathy whose graduates are eligible for licensure to practice medicine or surgery in a majority of the States; (2) must have a license himself to practice medicine, surgery, or osteopathy in one of the States; (3) be recommended for appointment by one of the three Surgeons General; and (4) meet whatever qualifications the Secretary of the service concerned may prescribe.

I should like to point out the important aspects of this legislation. First, the Secretary of Defense personally supported the bill in a letter to the chairman of the committee. Mr. Wilson stated that the enactment of H. R. 483 is desirable so long as the legislation is considered to be authorizing only, and not mandatory. The committee requested Mr. Wilson to personally clarify the position of the Department of Defense because of conflicting testimony on this bill by the departmental representatives.

Second, the authority of the bill is entirely permissive in nature and would require appointments only in such numbers and subject to such qualifications as may be prescribed. As noted in Mr. Wilson's letter, the legislation would leave up to the three services their degree of participation under it.

Third, the bill places sufficient authority in the hands of the Departments so as to insure that any doctors of osteopathy appointed will be fully qualified. It might be noted that the committee adopted two amendments which greatly strengthen the bill: (1) As already noted, the doctors of osteopathy, in order to be appointed, must be recommended by one of the Surgeons General. As a matter of administrative practice, the committee feels certain that the departmental Secretaries would not appoint a doctor of osteopathy without the approval of one of the Surgeons General. By making this amendment a matter of statutory authority, however, it will serve to dispel the fears of the doctors of medicine that doctors of osteopathy might conceivably be appointed without the approval of the Surgeons General. It is the understanding that the Surgeons General at the present time approve all applications for appointment of doctors of medicine as medical officers. (2) The bill contains a provision which will require that in awarding a particular rank to doctors of osteopathy, the shorter period of education which a doctor of osteopathy may have completed as compared to a doctor of medicine, be taken into account in order that the doctor of medicine would not be penalized in terms of comparative rank.

Fourth, in a number of States doctors of osteopathy are eligible to receive upon passing the appropriate examination a license to practice to practice medicine and surgery, just as doctors of medicine. In view of the fact that many are fully licensed it is possible that doctors of osteopathy might provide a source of needed personnel for the military services.

NARCOTICS CONTROL ACT FOR THE DISTRICT OF COLUMBIA

Mr. DANIEL. Mr. President, I introduce for appropriate reference a bill to be entitled "The Narcotics Control Act for the District of Columbia." The bill is introduced on behalf of myself and the other members of the Subcommittee on Improvements in the Federal Criminal Code of the Committee on the Judiciary which conducted an investigation of the narcotics traffic, namely, the Senator from Wyoming [Mr. O'MAHONEY],

the Senator from Mississippi [Mr. EASTLAND], the Senator from Idaho [Mr. WELKER], and the Senator from Maryland [Mr. BUTLER]. It is introduced also on behalf of the able chairman of the Committee on the District of Columbia, the Senator from West Virginia [Mr. NEELY].

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3901) to amend certain laws affecting the control of narcotics in the District of Columbia, and for other purposes, introduced by Mr. DANIEL (for himself and other Senators) was received, read twice by its title, and referred to the Committee on the District of Columbia.

Mr. DANIEL. Mr. President, the report which I have submitted and the bill which I have introduced undertake to correct a very bad situation which exists in the District of Columbia concerning narcotics addiction and the narcotics traffic.

As part of its nationwide investigation into the illicit narcotics traffic, our subcommittee of the Committee on the Judiciary examined the situation in the District of Columbia and spent several days hearing witnesses.

We found that there are approximately 900 narcotic addicts in the District of Columbia who are known to local law enforcement officials. Only four States in the Union have reported a greater number of narcotic addicts than the number reported in the District of Columbia. In other words, if the District of Columbia were counted as a State, it would rank fifth in the Nation in the number of reported narcotic addicts.

So far as the cities of the country are concerned, Washington, the Capital City of the Nation, ranks first in the number of reported narcotic addicts, in percentage of drug addicts compared with the general population.

Although Washington is very far behind New York City, Los Angeles, and Chicago in the total number of addicts, nevertheless, when Washington is considered on the basis of population, it has more reported narcotic addicts than has any other city in the Nation.

In the view of the committee, there is one reason for this situation. In the District of Columbia there is only Federal jurisdiction. There is not sufficient local legislation to enable the District of Columbia officials to combat the narcotics problem here. The District of Columbia does not have adequate laws concerning the treatment and rehabilitation of addicts or the removal from the streets and other public places of habitual addicts who have been treated and who have failed to respond to treatment.

These addicts account for a large proportion of all the crimes committed in the District of Columbia, and they are constantly spreading their addiction to other people.

Therefore, our subcommittee believes that changes must be made in the District of Columbia law in order to provide

treatment where treatment seems advisable, and also to provide isolation or confinement for the habitual addicts who continue their addiction after treatment efforts have failed, who continue to spread addiction by mingling with other persons in public places, and who continue to become involved in crimes throughout the District.

The purpose of the committee report and the bill is to give to the appropriate committee of the Senate, the Committee on the District of Columbia, the benefit of the investigation made by the subcommittee of the Committee on the Judiciary, and of our suggestions as to laws which would improve the narcotic situation in the District of Columbia.

I might say the proposed bill has been reviewed by all of the officials of the District of Columbia who are concerned with either the treatment of narcotic addicts or the prosecution of narcotic offenders.

Much work has been done on this proposed legislation. I commend it to the District of Columbia Committee. The members of our Judiciary Subcommittee will continue to work with them and assist them. Our staff is available to the Committee on the District of Columbia for any assistance they can offer. I hope, Mr. President, that the bill will be considered this session.

We have been joined in this proposed legislation by two members of the Committee on the District of Columbia in the House, Mr. ABERNETHY, of Mississippi, and Mr. MILLER of Nebraska, and I understand their committee will consider the problem soon. I see the distinguished Senator from Oregon present—

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DANIEL. I yield.

Mr. MORSE. I have not received instructions as yet from the committee as to which subcommittee the bill will come to. There has been some discussion that it may come to my subcommittee of the Judiciary. If it does, I want to assure the Senator from Texas that hearings will be held at the earliest possible date. By that I mean the next few days. I shall give the bill my study and attention. It may need some modification, based on what the hearings will disclose, but as to the objectives of the bill and the need for legislation, I do not think there is any question. We can take judicial notice of them.

I wish to commend the Senator from Texas for the leadership he has given to the Senate in this drive against one of the most vicious menaces which face the American people, namely, the narcotic drug traffic.

Mr. DANIEL. I thank the Senator. I am delighted he is present on the floor and that he has made the statement, because it is my understanding that the subcommittee of which he is chairman would probably receive the bill. I say to the Senator from Oregon that our staff and the members of our committee stand ready to assist in every way we can when the Senator's committee considers the proposed legislation.

TRIBUTE TO EMPLOYEES OF STATE DEPARTMENT

Mr. SMITH of New Jersey. Mr. President, last week there was published in the New York Times of May 17, 1956, a column written by Arthur Krock entitled "A Good Word Very Much in Season."

As a member of the Committee on Foreign Relations, I was impressed by the column, and wanted to have it inserted in the RECORD. It is a tribute to our Foreign Service personnel and the fine service being rendered by our career employees in the field.

I ask unanimous consent that the article be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A GOOD WORD VERY MUCH IN SEASON (By Arthur Krock)

WASHINGTON, May 16.—One distinct improvement in the national atmosphere as contrasted with the previous Presidential election year of 1952 is the absence of political attacks on the working personnel of the State Department. What Secretary Dulles had to say in praise of this personnel before a Senate appropriations subcommittee yesterday may therefore have been received with the appreciation these public servants deserve.

Four years ago Congress and the people were duly agitated over charges, some sustained and some unsubstantiated, that posed issues of the loyalty, competence and private behavior of diplomats and underlings in the Department of State and in the field. This also produced a crop of deprecatory remarks at any reference to an employee of State. This crop was nourished for growth, harvest and reharvest by administrative acts taken against individuals in this and the previous administration with the primary purpose of abating political attacks on the Department.

The perspective which time supplies to public opinion has since revealed the unfairness of some general and specific conclusions as to the caliber of the State Department personnel. Though a few good men were sacrificed at the expense of American diplomacy, these conclusions apparently have now been modified or wholly rejected. It was on this restored foundation of fairness that Secretary Dulles yesterday built his plea.

In the 4 years since 1952 more Members of Congress than ever before have seen the work of the Foreign Service at first hand. Some have returned with criticisms that merit official attention, but in the main these Members have been favorably impressed with the diplomatic career service. Congress continues to charge the Department with inefficiency in its business management. But if there is still a disposition at the Capitol to dispute the praise which Dulles extended to the rank and file it was not manifest yesterday.

THE WORKHORSES OF DIPLOMACY

He described the group as "a dedicated body of men and women who are rendering a splendid service to our Nation * * * fully aware of the responsibility they are carrying and * * * carrying it well * * * with a patience, a determination, and a skill of which we can all be proud." Then he paid this tribute to the so-called old-fashioned diplomacy he has been accused of undermining by constantly appearing where our envoys were conducting it:

"It took 8 years and almost 400 four-power meetings before the Austrian Treaty finally came into being last year [that brought] the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of

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HIGHLIGHTS: Senate agreed to conference report on farm bill. House received conference report on farm bill. Senate passed USDA appropriation bill. Conferees were appointed. Senate debated Johnston retirement bill. Sen. Case commended accomplishments and progress of REA. House passed public works appropriation bill.

SENATE

1. FARM PROGRAM. Agreed to the conference report on H. R. 10875, the farm bill.
p. 7803 Attached to this Digest is a summary of the bill as agreed to.
2. APPROPRIATIONS. Passed with amendments H. R. 11177, the USDA appropriation bill.
pp. 7783, 7797

Agreed to the following amendments:

By Sen. Holland (joined by Sen. Smathers) to increase the appropriation for "Plant and Animal Disease and Pest Control," ARS, by \$1,500,000 for the eradication of the Mediterranean fruit fly, of which \$1,250,000 would be immediately available. p. 7797

By Sen. Knowland, to increase the appropriation for ARS research by \$60,000 for the development of mechanical prune pickers. p. 7801

By Sen. Humphrey (joined by Sen. Young), to increase the amount for electrification loans by \$68,700,000 with elimination of the reserve authorization in the same amount, which would provide a total direct loan authorization of \$214,000,000. This amendment also increases the telephone loan authorization by \$50,500,000 with elimination of the reserve authorization of that amount, which would provide a total for direct telephone loans of \$100,000,000.
p. 7788

The following amendments were discussed and withdrawn:

By Sen. Aiken, to increase the appropriation for the Office of the Secretary by \$10,500. p. 7801

By Sen. Thye, to provide an appropriation of \$18,915,000 for construction of an animal disease laboratory at some location other than Beltsville, Md. p. 7786

The Appropriations Committee reported with amendments H. R. 10721, the State-Justice appropriation bill (S. Rept. 2034). p. 7769

The Appropriations Subcommittees ordered reported with amendments to the full Committee H. R. 10899, the Commerce appropriation bill, and H. R. 9739, the independent offices appropriation bill. p. D511

3. PERSONNEL. Continued debate on S. 2875, the Johnston retirement bill. pp. 7781, 7819

The Post Office and Civil Service Committee reported without amendment H. R. 3255, to preserve in certain cases the rates of pay of employees whose positions are reclassified to a lower grade (S. Rept. 2035). p. 7771

4. ELECTRIFICATION. Sen. Case commended the accomplishments and progress of REA, and the comforts it had brought to farm families. p. 7774

5. FOREIGN TRADE. Received from the Commerce Department a report on export control for the first quarter of 1956. p. 7771

Received from the Tariff Commission a proposed bill to provide additional time for the Tariff Commission to review the customs tariff schedules; to Finance Committee. p. 7771

6. FAIRS. Sen. Wiley inserted his statement on fairs and the part they have played in rural life. p. 7772

7. REPORTS. Sen. Smith, N. J., spoke of the Hoover Commission recommendation for agencies to "give increased emphasis in their reports program to the need to protect the public from unnecessary reporting burdens" and inserted a White House statement and a letter from the President to the Budget Bureau supporting this recommendation. p. 7774

8. PARITY PRICES. Sen. Kerr spoke on and inserted statements and figures to support his statement during the debate on the farm bill that farm products generally are being sold by farmers on an average of not to exceed 70% of parity; Sen. Capehart disputed these figures and inserted figures from this Department to support his position. p. 7790

9. SUGAR. Sen. Lehman inserted his statement contending that there were inequities in the conference report on H. R. 7030, particularly as it relates to Puerto Rico and the Philippines. p. 7781

HOUSE

10. FARM PROGRAM. Received the conference report on H. R. 10875, the farm bill (H. Rept. 2197). pp. 7825, 7827

11. APPROPRIATIONS. Passed with amendments H. R. 11319, the public works appropriation bill for 1957, including TVA, certain agencies of the Interior Department, and civil functions of the Army (p. 7827). Amendments adopted included an amendment by Rep. Abernethy to provide \$160,000 for a resurvey of the Tenn.-Tombigbee Waterway by a vote of 179 to 170 (pp. 7860, 7878); an amendment by Rep. Boggs to provide \$300,000 for planning of the Mississippi-Gulf outlet

It should be recognized that the life or the term of the Commission extends until the end of 1956. It was felt that that would allow ample time for a rather extended and complete report on the Government security and loyalty program.

UNFAIR TREATMENT OF CERTAIN SUPPLIERS OF SUGAR

Mr. LEHMAN. Mr. President, I have prepared remarks concerning the conference report on the sugar bill, which was approved by the Senate last week and sent to the President. I ask unanimous consent that my statement be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

Last week the Senate approved the conference report on the sugar legislation that we considered earlier in this session and sent it to the President. I wish I could have been present when the conference report was taken up. I had a number of observations to make in connection with that legislation which I would have liked to see become part of the legislative history.

However, I was not on the floor at the time. I hasten to say that I would not have voted against the conference report in any event since I know the difficult job it was to arrive at even the formulation that is included in the bill now pending before the President.

That bill has its defects, from my point of view, and, I am sure, from the viewpoint of others.

My purpose in rising at this time is to speak for those of our suppliers of sugar who in my judgment were not fairly treated in the sugar legislation and who deserve more consideration, or at least more equitable consideration than they did in fact receive. I refer to Puerto Rico and to the Philippines. I want to speak of each of these two sugar-producing areas separately because they present different problems in connection with the sugar legislation. Today I shall speak of the Philippines and of the unwise manner in which the sugar legislation overlooked the legitimate interests not so much of the Philippines but of the United States in our relations with the Philippines.

My views on this matter are based on the assumption and the conclusion that we have a tremendous stake of interest in the Philippines and in the maintenance of Philippine-American relations on the closest possible basis. The Philippines is the showcase for democracy in the Far East. This is often said but much too frequently the words are uttered without reference to substance and meaning. The substance and meaning lies in the fact that the Philippines is the staging ground in the Far East for our type of democracy. Thus it is to our highest interest to see to it that Philippine democracy works and that the economy upon which this democratic form of government rests is given every proper and possible assistance. It is also essential that we show the Filipino people the special favor of our special concern.

Now in this sugar legislation we made available to many producing areas a share in whatever growth and expansion there is in our sugar consumption. As we consume more sugar, we will distribute, under the terms of the sugar legislation, more or less equitable shares of that growth increment among the various producing areas, both domestic and foreign. In the sugar bill we give the Philippines not a single pound of that increment.

It is true that the Philippines already have a large share of the American sugar

market. This is guaranteed to them by mutual compact between our two countries. But that is not the matter at issue. The Philippines have had that share of our sugar market for a long time, and as our sugar consumption increases, I believe that the Philippines should be given an equitable share of the increment * * * or at least a token share. We should constantly show to the world and to the Filipino people that we consider them among our most-favored allies.

I am aware that there were certain problems connected with Philippine-American trade which this year effectively prevented the careful consideration, on its merits, of the case for granting the Philippines a share in the growth increment of our sugar consumption. I wish that had not been so.

However, I should like to make part of the record at this point the State Department's recommendation which was given to the House Committee on Ways and Means when the sugar legislation was before that committee in reference to the Philippine quota:

"The Department does not recommend an increase in the Philippine quota at this time. The Department believes, however, as it indicated in its report on H. R. 5406, that consideration should be given to allowing the Philippines to share an increased consumption when sugar legislation is next amended, and after sugar from the Philippines begins to pay a tariff."

I should also like to take note, in the course of these remarks, of the communication addressed to the State Department by Ambassador Carlos P. Romulo on this subject, a communication which Senator MANSFIELD inserted into the CONGRESSIONAL RECORD in the course of the debate on sugar legislation on February 9 of this year.

Under the terms of the sugar legislation we sent to the President last week, the Philippines is the only major sugar-producing area denied any participation at all in future increases in United States sugar consumption. I think this is unwise and unfair. I think this is repugnant to the interests of the United States. I hope that Congress will, at the earliest possible time, make the necessary adjustment in the apportionment of the increment of increased sugar consumption in the United States so as to give the Philippines an equitable share. I know it will help the Philippines and I firmly believe that by so doing it will help the United States.

As I have said, I expect to make some further observations on this subject, in connection with Puerto Rico, on another occasion.

TRIBUTE TO THE LATE FIELDING L. WRIGHT

Mr. STENNIS. Mr. President, in the recent and untimely passing of the Honorable Fielding L. Wright, late a governor of my State, the State of Mississippi, as well as the Nation lost one of its most loyal and devoted public servants.

Governor Wright served as Mississippi's chief executive for almost 6 consecutive years. He brought to that high office many outstanding qualities which combined to make him one of the most effective and constructive governors in the entire history of our State. Prior to serving in this position of highest trust, he had served Mississippi as lieutenant governor, as a member of the State senate, and as a member of the State house of representatives, later becoming speaker of that body. Along with this fine background of experience and training, Fielding Wright was a man of firm purposes, with a strong mind and a courageous heart, one who

consistently and untiringly worked in a quiet but effective way for the principles of government in which he believed.

Governor Wright began his tenure as Governor of Mississippi soon after the end of World War II. He approached postwar problems, both at home and on the national front, with a constructive and forward-looking view. Under his leadership, Mississippi made great strides forward to public-school education, in industrial development and the development of our natural resources, and in highway transportation, including our secondary highways and farm-to-market roads. Our people prospered and our State became a better place in which to live.

In 1948, Governor Wright was recognized as a national leader. He was earnest, sincere, and effective in his leadership in the fight for the preservation of the principles of States rights in government. He sincerely and steadfastly believed in this principle of government because he realized that this great Nation of ours, with its vast area and diversity of people, must have the powers of the State broken up into many units, in order to meet varying local conditions. He also clearly saw that long, continuing centralization of power in Washington would ultimately completely destroy the States as units of government. Fielding Wright was sincerely fighting for a cause, and he did not seek to create a circumstance where he would be in demand for a high position of power and responsibility. He deliberately stood aside, and would not let himself be considered for what was to be the first position in a political movement for States rights in 1948. Through it all, Fielding Wright constantly kept his eye and his mind on the single purpose of what was best for the people and the Nation. He had not the slightest thought of personal advancement and personal gain.

Governor Wright was a man of the very highest integrity, not only in public affairs, but also in his personal affairs. He enjoyed the respect and confidence of those associated with him in public affairs, and the esteem and love of those privileged to know him intimately and to observe his real qualities.

Without the unselfish services as such men as Fielding L. Wright, our form of government could not long continue in existence. The State of Mississippi and the entire Nation will long reap the benefits of his unselfish and constructive service, always sincerely dedicated to the public good. God grant that more such men and women will answer the clarion call of duty, in being willing to serve on the same high plane that Fielding Wright did, so that our freedom and liberties will be preserved and protected, and the blessings of constitutional government can be enjoyed by successive and future generations.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The PRESIDING OFFICER (Mr. LAIRD in the chair). Is there further morning business? If not, morning

business is closed, and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

Mr. JOHNSTON of South Carolina. Mr. President, the various terms used throughout the existing law are accompanied either by definitions or by reference to a section which defines them. In other instances, regulations and administrative rulings are relied upon for the meaning of the terms used.

For the first time, all general terms are brought together and defined under one section. It was not intended that this orderly presentation would result in any change in meaning of the various terms except as specifically noted in the report on the bill.

It has been brought to my attention that section 1 (K), which defines the term "Government," might be construed as either limiting or extending coverage under the act. That is not the case, the term as defined in the bill is intended to apply to exactly the same employees—no more, no less—covered under present law. This has been checked with the Civil Service Commission, and the Commission agrees that the wording of section 1 (K) which defines the term "Government" neither extends coverage to anyone not now under the act nor denies coverage to anyone now under the act. In other words, it makes absolutely no change with respect to a person's coverage under the act.

Mr. President, I have made this statement because I feel that some persons are fearful that changes might be made on account of these definitions.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HAYDEN. Inquiries have been addressed to me by persons who might be called half-time or part-time employees of the Federal Government, such as those employed in the Extension Service, and agencies of that type. As I understand, they are not included in the bill.

Mr. JOHNSTON of South Carolina. They are not included in the bill. At one time the committee considered including them, but the subject is controversial, and the committee at present is considering the introduction of a separate bill to cover such persons.

Mr. HAYDEN. Is such a bill now pending before the Senator's committee?

Mr. JOHNSTON of South Carolina. The committee has not introduced such a bill, but the same staff which has been working on the bill which is now under consideration is making a study of the other subject. The coverage of those persons was stricken from this bill, although at one time the committee considered including them.

Mr. HAYDEN. Were they excluded by the unanimous action by the committee?

Mr. JOHNSTON of South Carolina. As well as I remember, that action was unanimous on the part of the committee, because it was thought best that that

matter be considered as a separate item.

I should like to read two paragraphs from the committee report, on page 8, which I think will answer the question asked by the Senator from Arizona.

A number of present Federal employees are denied retirement service credit for past periods of service under a number of Federal-State cooperative programs because they were not designated as Federal employees through the usual formal appointive procedures. The committee does not believe that one employee should receive retirement-service credit and another should be denied retirement-service credit, who worked side by side on the same program, merely because the first was appointed in one manner and the second in a different manner.

In order that equity might be accorded to all groups, the committee directed that the matter be studied with the view to appropriate action next session.

The committee wanted to do something in this field, but did not know exactly how far to go at this time.

Mr. HAYDEN. I take it from the committee report, and from what the Senator has said, that there is merit in the representations which have been made to me by constituents of mine.

Mr. JOHNSTON of South Carolina. There was so much merit in the bill that the committee reported it last year, and the Senate passed it. The House passed the bill, it went to the President, and the President vetoed it. That is one reason why we wish to work out a bill that can be enacted into law.

Mr. HAYDEN. I thank the Senator.

Mr. JOHNSTON of South Carolina. Mr. President, I have at the desk, one amendment to the committee amendment, which is just a perfecting amendment. I do not think any Senator wishes to disagree to it. I should like to dispose of that first. It merely corrects errors throughout the bill. There are several of them. It is just a perfecting amendment.

The PRESIDING OFFICER. Does the Senator desire that it be read at the desk, or merely printed in the RECORD?

Mr. JOHNSTON of South Carolina. I ask to have it printed in the RECORD. It makes merely grammatical changes. For instance, it may change the word "as" to "a." Such changes are made all through the bill by the perfecting amendment. The amendment is known as "5-18-56-A."

The PRESIDING OFFICER. Is there objection to the unanimous request of the Senator from South Carolina that the amendment to the committee amendment be printed in the RECORD?

There being no objection, the amendment to the committee amendment was ordered to be printed in the RECORD, as follows:

On page 41, line 14, strike out "employee" and insert in lieu thereof "employeee."

On page 42, line 4, strike out "military pay."

On page 42, line 6, after "Provided, That" insert the following: "the term 'basic salary' shall not include military pay for persons who enter upon active military service after the effective date of this act: And provided further, That."

On page 44, line 20, strike out "srevlce" and insert in lieu thereof "service."

On page 45, line 13, after the word "as" insert "a."

On page 46, lines 20 and 21, strike out "of the Office of the Architect of the Capitol, or of the Library of Congress" and insert in lieu thereof "and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this act any employees under the Office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration."

On page 47, line 7, after "employee" insert "or Member."

On page 47, line 9, after "employee" insert "or Member."

On page 47, line 16, strike out "A Member" and insert in lieu thereof "except that for purposes of section 9 (c) (1), a Member (1)."

On page 47, line 17, after the word "credit" insert the word "only."

On page 47, line 22, strike out the period at the end of the line and insert "and (2)."

On page 47, line 23, strike out "A Member."

On page 48, line 1, strike out "member" and insert in lieu thereof "Member."

On page 49, line 10, after the word "as" insert "a."

On page 52, line 25, after "employee," insert the following: "to the Architect of the Capitol or any employee under the Office of the Architect of the Capitol."

On page 53, line 7, after "Canal" insert "Company" and in lines 7 and 8 strike out "Panama Railroad Company" and insert in lieu thereof "Canal Zone Government."

On page 55, line 2, after "Member" insert "or survivor of a Member."

On page 55, line 23, strike out "wthin" and insert in lieu thereof "within."

On page 57, line 17, strike out the semicolon and insert in lieu thereof a comma.

On page 58, lines 24 and 25, strike out "or transferred to a position not within the purview of this act" and insert in lieu thereof "as a Member."

On page 59, lines 3 and 4, strike out "or transferred to a position not within the purview of this act" and insert in lieu thereof "as a Member."

On page 60, line 9, strike out "such" and insert in lieu thereof "his."

On page 60, line 11, strike out "such" and insert in lieu thereof "his."

On page 63, line 5, after "election," insert the following: "excluding any increase because of retirement under section 7."

On page 68, lines 3 and 4, strike out "a present or former employee or Member not retired" and insert in lieu thereof "an employee or Member."

On page 68, line 6, after "fled," insert the following: "or if a former employee or Member not retired dies."

On page 71, line 15, strike out "list" and insert in lieu thereof "record."

On page 71, line 17, strike out "list" and insert in lieu thereof "record."

On page 76, line 16, after "annuitant" insert "heretofore or hereafter retired."

On page 76, line 23, strike out "is" and insert in lieu thereof "hereafter becomes."

On page 77, line 11, after the period insert the following: "If an annuitant under this act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this act) hereafter becomes employed in an appointive or elective position not subject to this act, annuity payments shall be discontinued during such reemployment and resumed in the same amount upon termination of such employment."

On page 77, line 12, after "Member" insert "heretofore or hereafter."

On page 77, line 12, strike out "is" and insert in lieu thereof "hereafter becomes."

On page 84, line 4, after the period insert the following: "If the deposit is made, such service shall be held and considered to be service during which the employee was subject to this act."

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. I cannot let this opportunity pass without complimenting the distinguished senior Senator from South Carolina. A short time ago I was chairman of the Committee on Post Office and Civil Service, and I know the detail and the hard work that must be engaged in by the chairman of that particular committee. There is a terrific amount of detail connected with the work of the committee. The chairman of the committee is besought continuously in his office by Federal employees not only from the city of Washington, but, as the distinguished Senator knows, from all over the United States. Delegations come to Washington from Los Angeles, Alaska, Puerto Rico, and from every State in the Union.

I particularly desire to commend the distinguished Senator for the judicious way in which he has presided at the meetings of the Committee on Post Office and Civil Service. I think I have attended every meeting of the full committee during this session and the last session. If there is any committee in the Senate which works harmoniously, it is the Committee on Post Office and Civil Service, and that is largely due to the way in which the fine chairman takes his time about every bill. He goes into each bill in the minutest detail. If any Senator has any question, every precaution is taken that his question is answered completely.

The chairman of the committee has been courteous, not only to members on his own side, but to members on the minority side.

We have been helped in our work by having a magnificent staff, one of experience, headed by Mr. Brawley, who has been very helpful in assisting Senators on the Republican side.

I wish to repeat that I do not know of any chairman of any committee who could have done better than has the distinguished senior Senator from South Carolina.

Mr. President, I recall when the first retirement bill was passed. At that time the outlook for it was rather hopeless, but because of the way in which the Democrats, who were in the minority at that time, cooperated with the Republicans, a fine bill resulted.

I think the bill now pending is an outstanding measure for the benefit of Federal employees who may retire, as well as for those who have heretofore retired. In great measure, that is due to the untiring work of the distinguished senior Senator from South Carolina.

Mr. President, sometime ago I made a speech on the floor of the Senate in which I asked the people of South Carolina to send the distinguished senior Senator back to the Senate. I called on every Republican in the State of South Carolina to vote for him. I thought I

was doing the Senator a service, and one can imagine my surprise when a short time later a newspaper writer, while commending me on the speech, pointed out that the total number of Republicans in the State of South Carolina was only 125. He pointed out the total population and the fact that, after all, the Republicans in that State represented only a minor fraction of 1 percent.

Mr. President, I cannot resist also paying a compliment to Bob Johnson, who for a long time has been on the staff, and who has been assigned to represent the minority. He has been most helpful to the minority members. At the request of our distinguished chairman, Mr. Brawley has also been helpful to us. These gentlemen not only help us when there are meetings of the committee, but they willingly come to a Senator's office after hours to explain any question a Senator may have to raise, so that he may fully understand the matter.

I want to extend the highest commendation to the distinguished senior Senator from South Carolina. I know that Federal employee organizations all over the country feel they have a friend in the Senator. They may not always get all they are asking for, but they know they can get a fair hearing whenever they have a complaint, and that is all the organizations ask for.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The Senator from South Carolina has a number of technical amendments to present. Does he desire that they be considered en bloc?

Mr. JOHNSTON of South Carolina. Just the technical ones.

Mr. PAYNE. Mr. President, I understand the Senator from South Carolina asked unanimous consent that the amendments may be considered at this time. I reserve the right to object until such time as I may be able to get a clearance, through the minority leader, relating to the disposition of one particular amendment at this time.

Mr. JOHNSTON of South Carolina. Mr. President, while the Senator from Maine, who is presently acting as minority leader, is trying to get clearance, I should like to say that I appreciate everything the senior Senator from North Dakota [Mr. LANGER] said about me, the committee, the committee staff, and the work which the committee has done in the past. I wish also to say that since I have been a Member of the Senate he has been on the Committee on Post Office and Civil Service, and he has been a faithful worker at all times, and has acquitted himself excellently, both as chairman and as ranking minority member. After the Senator was off the committee for a brief period he returned, and he is working just as faithfully on the committee as he ever did. I wish to thank him for his cooperation.

I desire also to thank all the Democratic and Republican members of the committee for working faithfully with me, and trying to have reported from the committee what I believe to be a bill which will result in a much better civil-service retirement law being put on the statute books.

If the bill should be passed and enacted into law it will, in my opinion, mean much to the Federal Government and employees who work for the Federal Government, because it will provide a greater incentive for Government employees to remain in Government service. One thing that has hindered the departments in the past has been that after a person has entered the Government service, and has just about become familiar with the duties of his office, he has started looking around for greener fields. We think that a better retirement system will deter so many employees from leaving.

Mr. President, at this time I withdraw my unanimous-consent request.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina to the committee amendment.

Mr. PAYNE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Without objection, it is so ordered.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATIONS, 1957

Mr. RUSSELL. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to consider House bill 11177 making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 11177) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Georgia?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. RUSSELL. Mr. President, I ask that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

Mr. LANGER. Mr. President, reserving the right to object, I should like to ask a question of the Senator from Georgia.

Does the bill contain emergency funds for the FHA?

Mr. RUSSELL. This bill increases the loan authority for FHA rural farm ownership loans by \$5 million. It also increases loan authorizations under the production and subsistence program.

Mr. LANGER. Can the distinguished Senator tell me how this loan authority would operate?

Mr. RUSSELL. It does not involve farm housing. That subject is under the jurisdiction of the Committee on Banking and Currency. I understand that in the near future there will be before the Senate a bill dealing with that subject.

Mr. LANGER. I thank the Senator from Georgia.

The PRESIDING OFFICER. Without objection, the clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, under the heading "Department of Agriculture—Title I—Regular Activities—Agricultural Research Service—Salaries and Expenses," on page 3, line 7, after the word "stations", to strike out "\$49,972,000" and insert "\$49,676,400", and in line 8, after the word "exceed", to strike out "\$1,300,000" and insert "\$1,900,000."

Mr. CASE of South Dakota. Mr. President, the chairman will recall the letter which I wrote him and with which I enclosed some communications calling attention to the fact that there were more requests in many counties with reference to the rotation practice, under which grass and legumes are planted, than there were funds to honor them. Funds for the Department were allocated last year to the several States, and it developed, I think, that some twenty States are finding that there is an insufficient amount of funds to meet all the requests received. Since these requests all referred to good soil-conservation practices, it occurred to me that it would be well if an increase in funds could be made available, and I so stated in a letter to the chairman. It came after the hearings were concluded.

Mr. RUSSELL. Mr. President, the appropriation to which the Senator refers is made to carry on the agricultural conservation program. It was suggested that a revolving fund be set up with a reserve of \$5 million to take care of these practices. The committee examined into the matter and concluded that \$5 million was not adequate for the purpose, and we have made an increase in the appropriation of \$25 million, which makes the total appropriation for that purpose \$250 million. In addition, there is a carry-over from the 1954 program of \$25 million.

Mr. CASE of South Dakota. Mr. President, I wish to express my appreciation to the chairman and to the committee for the action which they have taken. It seemed to me that particularly since the so-called soil-bank program would be limited in its application this year, at best, it was highly desirable that these conservation practices, particularly in the field of rotating crops and getting out of surplus crops into grass and legumes, should be encouraged.

The action of the committee, as I understand, will make the additional \$25 million available for apportionment among the States, so that they can meet their extraordinary requests for these other practices.

Mr. RUSSELL. It is the hope of the committee that the sum will be entirely adequate to provide for the condition which the Senator from South Dakota has described, which is more or less acute in a number of States.

Mr. CASE of South Dakota. I thank the Senator from Georgia.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BARRETT. I should like to inquire about the appropriation shown on page 7 of the report, title 1, with reference to the animal disease laboratory facilities. As I understand, the House approved \$10 million for this item. The Budget request was for about \$18,900,000. The Senate deleted the entire amount.

Mr. RUSSELL. The Senator from Wyoming is correct. This is a very important program, one in which the committee is very much interested. But the committee did not approve of the location of the proposed laboratory at Beltsville, Md., in the very environs of the city of Washington. A provision was included in the report directing the Department to confer with the standing Committee on Agriculture and Forestry as to the location of the laboratory.

If an agreement can be reached as to the location of the laboratory at some suitable place, somewhere near the location of the large animal population of the country, and where the animals can be treated and be easily subject to the cures which may be found for animal diseases, I do not think the Senate conferees will insist on this provision.

We are not satisfied that the location of the proposed laboratory shall be at Beltsville. The committee over a period of years has undertaken to restrict the concentration of all types of agricultural research at Beltsville. This is a great country. Different conditions exist in different areas. The committee felt that some of the research work to be done on diseases of animals should be carried on in the areas where the animals are infested with the diseases. Certainly Beltsville, Md., is not a central point of the cattle population of the United States.

Mr. BARRETT. I certainly agree with that particular statement. I should like to ask if any money has already been spent for the building of the proposed facility at the Beltsville station.

Mr. RUSSELL. Not to my knowledge. Congress made an appropriation to prepare plans for the laboratory, but at that time no indication was given to the committee that it was proposed to locate the laboratory at Beltsville. A very comprehensive set of plans has been prepared. The plans were submitted to the committee. They seem to be completely adequate for what we had in mind, namely, to have the greatest research center for animal disease in the entire world.

But there was some waste in the plans. Taking cognizance of the fact that Washington would be one of the first

targets of atomic attack, several hundred thousand dollars were provided for strengthening the walls of the buildings so as to reduce the effect of possible bomb explosions over Washington. That and similar matters make it most important to locate the proposed laboratory at some other place.

If Washington is to be the target of an atomic attack, we do not want to have the animal diseases released to follow in the wake of death and devastation by atomic attack, by reason of having such a laboratory located near the Capital City.

Mr. BARRETT. The committee, then, believes that the location of the laboratory is the determining factor at present, does it?

Mr. RUSSELL. I shall read from the committee report, in which there was unanimous agreement:

The committee supports the establishment of adequate facilities for research on animal diseases, but does not approve the budget request for building the laboratory, and further concentrating this work, at Beltsville, Md. The committee believes that before it recommends an appropriation for the establishment of a national animal disease research facility, the standing Committee on Agriculture and Forestry should approve the project, including its location.

In connection with the long-range research program the committee requests the Department to make a study of its needs for research facilities and report to the committee.

We are heartily in favor of the laboratory; all we ask is that the Department and the Committee on Agriculture and Forestry come to an agreement as to where the laboratory shall be located.

Mr. BARRETT. Will the effect of the action by the committee be to hold the matter in abeyance for 1 year?

Mr. RUSSELL. Not necessarily. It was generally understood in the committee that if the Department saw fit to consult with the standing Committee on Agriculture and Forestry before the conference was held on the bill, the Senate conferees might even recede in this bill. But if a decision has not been reached by that time, there will still be several supplemental and deficiency appropriation measures to be considered before the adjournment of Congress, and that will give the Department of Agriculture adequate time to consult with the Standing Committee on Agriculture and Forestry and for Congress to make an appropriation this year. If the Department is diligent, there should be no cause for delay in the construction of the laboratory.

Mr. BARRETT. I thank the Senator.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BEALL. Is it not true that Beltsville is better equipped for research than any other place in the country?

Mr. RUSSELL. The Department testified that the facilities needed did not exist at Beltsville; that the existing facilities could not be used, and that new ones must be constructed. Undoubtedly there are a number of scientists at Beltsville.

its influence on plantings and surplus production and marketings is through the enactment of H. R. 7920 or S. 3204 to eliminate onions from futures trading. It appears to us that they have good grounds for this stand, and in consideration of the data and information provided as referred to herein, advice as to your position in this important matter will be much appreciated.

Thanking you in advance for your careful attention and consideration, we are,

Very truly yours,

PAUL T. ROWELL,

Chief, Division of Market Development.

ORDER FOR RECESS TO TOMORROW

Mr. MORSE. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until tomorrow, at 12 o'clock noon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

Mr. MORSE. Mr. President, I wish to make a brief statement on the civil-service retirement bill, because I find a controversy exists in connection with this bill between the Federal employees now in active service and employees already retired.

I ask unanimous consent, to have printed in the RECORD at this point two bills that really deal with this problem, which I am about to discuss, a bill known as S. 3725, introduced by my colleague [Mr. NEUBERGER] for himself, Mr. JOHNSTON of South Carolina, Mr. MORSE, Mr. SCOTT, Mr. LAIRD, Mr. LANGER, and Mr. PASTORE; and the second bill, S. 3731, introduced by Mr. CARLSON, for himself, Mr. JENNER, and Mr. MARTIN of Iowa. I ask unanimous consent that the bills be printed at this point in my remarks, because what I shall have to say will relate to those bills.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

[S. 3725, 84th Cong., 2d sess.]

Be it enacted, etc., That (a), subject to the provisions of section 2, the annuity of any employee who, before the date of enactment of this act, was retired and is receiving or entitled to receive an annuity under the Civil Service Retirement Act of May 29, 1930, as amended, shall be increased by \$100 plus \$10 for each 2 full months elapsed between the commencing date of the annuity and the date of enactment of this act: *Provided*, That such increase in annuity shall not in any case exceed \$300.

(b) Subject to the provisions of section 2, the annuity of any survivor, except a child covered by subsection (c), who, on the date of enactment of this act is receiving or is entitled to receive an annuity under the Civil Service Retirement Act of May 29, 1930, as amended, based on the service of a former employee, shall be increased by \$80.

(c) Subject to the provisions of section 2, the annuity of any child who, on the date of enactment of this act, is receiving or is entitled to receive an annuity under the Civil Service Retirement Act of May 29, 1930, as amended, based on the service of his parent, shall be increased by \$50.

Sec. 2. No increases in annuities shall be payable under section 1 of this act until, and except to the extent that, an appropriation made for the specific purpose of paying such increases is available for such purpose. Any such increase shall become effective on the first day of the first month for which such appropriation is available, and shall terminate on the last day for which such appropriation is available.

Sec. 3. Section 8 (d) of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by striking out the next to the last sentence in paragraph (1) thereof.

[S. 3731, 84th Cong., 2d Sess.]

Be it enacted, etc., That (a) the annuity of any employee who, before the date of enactment of this act, was retired and is receiving or entitled to receive an annuity from the civil-service retirement and disability fund, shall be increased, effective on the first day of the second month following the enactment of this act, by \$100 plus \$10 for each 2 full months elapsed between the commencing date of annuity and the date of enactment of this act: *Provided*, That such increase in annuity shall not in any case exceed \$300.

(b) The annuity of any survivor of such retired employee, except children covered by subsection (c) of this section, who, on the date of enactment of this act is receiving or is entitled to receive an annuity based on the service of a former employee, shall be increased, effective on the first day of the second month following the enactment of this act, by \$80.

(c) The annuity of any child of such retired employee who, on the date of enactment of this act, is receiving or is entitled to receive an annuity based on the service of his parent, shall be increased to \$50, effective on the first day of the second month following the date of enactment of this act: *Provided*, That the annuity of each such child shall not at any time exceed \$1,200 divided by the number of children then receiving annuity.

(d) The increases in annuity provided by this section shall be paid from the civil-service retirement and disability fund, and shall terminate, without subsequent resumption, on June 30, 1959, or on an earlier date under any one of the following conditions, whichever may first occur:

(1) At the end of the second month following the third consecutive month for which the Consumer's Price Index of the Bureau of Labor Statistics is less than 169.9, the index for the month of April 1948. In the event that the Bureau of Labor Statistics revises the basis of calculating the Consumer's Price Index, it shall immediately furnish to the Commission a conversion factor designed to adjust to the new basis the index figures of 169.9 described herein, and such adjusted index shall be used for the purposes of this section.

(2) On June 30, 1958, unless an appropriation is made to the civil-service retirement and disability fund in the applicable annual appropriation act for the fiscal year 1959, or in any prior appropriation act, for the specific purpose of compensating said fund for the cost, as determined by the Commission, of increases provided by this section during the fiscal years 1958 and 1959.

(e) The widow or widower of any retired employee mentioned in the first paragraph of section 8 (a) of the Civil Service Retirement Act of May 29, 1930, who died prior to February 29, 1948, or the widow or widower of any retired employee mentioned in the third paragraph of such section 8 (a) who died prior to April 1, 1948, if such widow or widower is not entitled to an annuity under any other provision of such act and has not remarried, shall be entitled to receive an annuity equal to one-half of the annuity of her husband or his wife, but not to exceed \$600 per annum. Any annuity granted under this subsection shall commence on the first

day of the month following the month in which application therefor is filed with the Civil Service Commission, and shall cease upon the death or remarriage of the annuitant.

Sec. 2. (a) Section 8 (d) (1) of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by striking out: "Such increase in annuity shall not exceed the sum necessary to increase such annuity, exclusive of annuity purchased by voluntary contributions under the second paragraph of section 10 of this act, to \$4,104."

(b) The amendment made by subsection (a) of this section shall take effect on the first day of the second month following the date of enactment of this act.

Mr. MORSE. Mr. President, these two bills seek to do justice to a group of people in our citizenry who have some justice coming, namely, the annuitants, the retired civil-service employees. There is not any doubt about the fact that they have been placed at a great economic disadvantage. After all, the annuitant dollar, the retirement dollar, which they obtained when they first went into retirement, was worth much more than the dollar is worth today, so far as the cost of living is concerned.

So what do these retired employees have to say to us? They are saying, with complete justice, in my opinion, that they are entitled to some consideration in any retirement act, which would at least give them a more adequate retirement allowance than they get under the present arrangement.

I cannot furnish any better proof of that than a letter, which I shall read shortly, which I received from Mr. Clarence G. Davis, secretary-treasurer of the National Association of Retired Civil Employees, Oregon chapter.

In an attempt to do economic justice to them, my colleague [Mr. NEUBERGER], with the cosponsors of the bill I have already enumerated, introduced in the Senate, on April 24, S. 3725, seeking to increase the retirement benefits for these already retired employees. It happens that section 2 of the bill is the section which has created some controversy among the retired employees, and I wish to read the language:

No increases in annuities shall be payable under section 1 of this act until, and except to the extent that, an appropriation made for the specific purpose of paying such increases is available for such purpose. Any such increase shall become effective on the first day of the first month for which such appropriation is available, and shall terminate on the last day for which such appropriation is available.

The Carlson bill—and I want to say I may vote for the Carlson bill when the debate is over—seeks to have the increase in payments to the already retired employees come out of the retirement fund itself. The retired employees prefer that, as will be seen from the correspondence I shall read, to the provision of Senate bill 3725 which will require a special appropriation. Also, the Carlson bill makes provision for the widows of retired employees. I certainly think that any measure we pass, whether Senate bill 3725 or Senate bill 3731, should clearly have in it a provision carrying out the principle of the Carlson bill in respect to widow allowances, because I think we have been very parsimonious.

I think we have not been fair and just to the widows of retired civil-service employees.

I want the RECORD this afternoon to show that, I am advised by the sponsors of Senate bill 3725, the reason for calling for a special appropriation is the legislative reason that the probabilities of obtaining at this session of Congress the passage of a bill calling for benefits to come out of the existing retirement fund are not good. This is a delicate matter, but I never hesitate to discuss delicate legislative matters when there is a conflict among groups.

Mr. President, there is no question about the fact that the active civil-service employees today are in opposition to any retirement bill which would seek to lay a heavier charge on the existing retirement fund. I have asked them, as I want the RECORD to show, this question: "Are you showing the appreciation that you ought to show to the already retired civil-service employees for the great service they have rendered you in the past in getting on the statute books, in the first instance, provision for civil-service retirement benefits?"

I wish to say to the active civil-service employees that it is very easy to take the position that our retired civil-service employees are somewhat free riders, when now they ask to have additional benefits paid out of the retirement fund, because at the present time they are not paying into that retirement fund.

I wish to say to the active civil-service employees that they should face the fact that in years gone by, the group of civil-service employees now retired made the great legislative fight, in the first instance, for retirement-benefits legislation.

So, Mr. President, I think every reasonable effort should be made by the Congress at this session to provide the retired civil-service employee with increases in their benefits, including a provision for widow benefits. Whether that can be done under the existing retirement fund, or whether it has to be done by special legislation by way of appropriation, only time will tell. But I want the RECORD to show that so far as I am concerned, as a Member of the Senate, I shall try to work out, either by way of amendment to the pending measure or by way of quick action on newly proposed legislation, a legislative provision which will do justice to civil-service employees who already are retired.

At this point I wish to read into the RECORD the letter to which I have previously referred. I received the letter from Mr. Clarence Davis, under date of May 5. His letter reads as follows:

OREGON FEDERATION OF CHAPTERS,
NATIONAL ASSOCIATION OF
RETIRED CIVIL EMPLOYEES,
Portland, Ore., May 5, 1956.

HON. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: The Oregon Federation of Chapters, National Association of Retired Civil Employees, met in annual convention at Eugene, Ore., on May 4, 1956, and adopted the following motion:

"That the Oregon Federation of Chapters, National Association of Retired Civil Employees, meeting in third annual convention

at Eugene, Ore., on this 4th day of May 1956, does hereby endorse Senate bill 3731, introduced in the 84th Congress, 2d session, by Senator CARLSON, and referred to the Committee on Post Office and Civil Service, and the secretary of this federation is hereby instructed to communicate this action to the president of the National Association of Retired Civil Employees, 1625 Connecticut Avenue NW., Washington, D. C., and to the two United States Senators from Oregon, and to all of the Members of Congress from Oregon in the United States House of Representatives, with the request that such Senators and Representatives do their utmost to have said bill, S. 3731, enacted into law."

This action was taken after thorough study of the two bills, S. 3725, introduced by Senator NEUBERGER (for himself, yourself, and other Senators), and S. 3731. We feel that section 2 of S. 3725 utterly defeats the purpose of the proposed legislation, rendering the bill but an empty gesture. We believe that the men and women who have been retired from the Federal Government service and who have contributed to the civil service retirement and disability fund throughout the years, and have a sort of contract with the Government to the effect that the establishment of said retirement act is part and parcel of remuneration for services rendered by them, are entitled to receive annuities therefrom in full dollar value—not a depreciated dollar. We also believe that an appropriation to implement S. 3725 (if enacted) would have very little chance of enactment by an economy-minded Congress and administration.

In addition, we are mindful of the injustice that has been done widows of retired employees who died prior to February 29, 1948, and of those who died prior to April 1, 1948, by not providing any survivor annuities for them, when in many cases their husbands served 40 years, or more, faithfully, giving the best years of their lives in Government service. We want to have this omission corrected. S. 3731 does provide a very moderate annuity for them.

Sincerely yours,

CLARENCE G. DAVIS,
Secretary-Treasurer.

I shall omit the last paragraph of the letter, because it does not deal with either Senate bill 3731 or Senate bill 3725.

Mr. President, I do not share the conclusion that Mr. Davis and his associates have reached, namely, that an approach by way of an appropriation renders Senate bill 3725 an empty gesture. If I had thought so, my name would never have gone on the bill in the first place; and if my colleague [Mr. NEUBERGER] had thought so, the bill would never have been introduced in the first place, because the Senators from Oregon do not engage in empty gestures. But there can be among us an honest difference of opinion as to the legislative strategy, as to whether we have a better chance of getting economic justice for the retired employees by way of a special appropriation of funds to be added to the retirement fund for civil service employees, or by way of the approach in the Carlson bill, namely, to have the benefits paid out of the retirement fund already in existence.

I want the RECORD to show that so far as my personal conclusion is concerned, I have to be shown two things: first, whether the present retirement fund is adequate to meet the needs of the employees who already are retired; second,

whether the employees who already are retired have in the fund an equity for an amount over and above the amount of money to which they were entitled at the time when they retired.

In my judgment, one of the strongest points Mr. Davis makes in his argument is based on the fact that the dollar has depreciated; that the employees who already have retired actually put into the fund, over the years during which they made payments, dollars worth more than the dollars they are getting back today, and that in a sense that fact creates an equity on their part for an additional amount out of the existing fund.

I bring that out because it is a point which I hope will be discussed by the members of the committee who are certainly much better versed in this subject, as members of the committee, than I have been able to become as a result of any study of it to date.

I do not agree with Mr. Davis and his associates that there is little or no chance of having S. 3725 passed by way of an additional appropriation. I refuse to believe that my colleagues in the Senate would be unwilling to pass a bill which would do justice to the people already retired, who have been in the Government service. At least I want to try it. I say to those employees that if the legislative situation makes it clear that there is no hope, they will find the senior Senator from Oregon then proposing another approach to the problem.

I also wish to say, as I pointed out to the Senator from Kansas [Mr. CARLSON] this afternoon in the conference I had with him, that I think it is very important, in the debate on the retirement bill, that we have a full discussion of the money in the fund, and the adequacy of that money to meet the needs of the retired employees, as well as a full discussion of whatever equity the retired employees may have in that fund, in view of the fact that over a period of years they paid into it dollars which were worth much more than a dollar is worth today.

Also I wish to say for the RECORD that in my discussions in the cloakrooms this afternoon I found very little support for adding to the pending measure, S. 2875, any amendment which would take care of the needs of the retired employees. The consensus of opinion among the colleagues with whom I have talked seems to be that it should be done by way of a separate piece of legislation. I have gone to the chairman of the committee, and I have been told by him that there is no question about the fact that when S. 2875 is disposed of the committee will give early consideration to hearings on both S. 3725 and S. 3731, the Neuberger bill and the Carlson bill.

I wish to make clear to the retired employees that what I shall do is to work for a final piece of legislation aimed at giving those retired employees, in this session of Congress, the economic benefits to which I think they are entitled. If it develops that S. 3725 is the bill which will receive the greatest amount of support in the Senate, I shall offer—if it is not offered by the committee as a result of the committee hearings—an

additional section to the bill, which would provide benefits, as does the Carlson bill, for the widows.

I also wish to say to the active civil service employees, who, I am informed, are in opposition to any additional funds being paid out of the retirement fund to the retired employees, that they will have to assume the burden of proof, in my judgment, for their position that we should not seek to be of some further assistance to employees already retired.

I understand that S. 2875 would increase the payments on the part of the active employees from 6 percent to 7 percent. In my judgment, what we ought to do, as a Congress, is to add to those payments an out-and-out appropriation by Congress to take care of the employees who have already retired. I think those employees are entitled to such treatment, and I think such a course of action would remove the entire controversy as to whether or not we are discriminating unfairly against either the active employees or the retired employees. We, as a Congress, ought to face up to the fact that the existing fund apparently is not sufficient, without an additional appropriation, to take care of the retired employees to the extent I think they ought to be taken care of.

I have made this statement for the RECORD because I want retired employees to know that, although I have cosponsored S. 3725, and still stand on my cosponsorship of S. 3725, that does not mean that I would not look with favor on any modification of S. 3725 which would arrive at a satisfactory solution of this problem.

Once again we in the Senate find ourselves on this issue, in the middle, between two groups of employees who have not gotten together themselves in a satisfactory adjustment of their differences. Therefore there falls upon us the duty to devise the most equitable program possible.

If it develops that S. 3731 is the program we should undertake in this session of Congress, I will not hesitate to vote for it merely because one group of employees happens to be against it. If, on the other hand, S. 3725, or a modification of it, is the approach we should adopt, I will not hesitate to vote for it merely because one group is of the present opinion that it constitutes an empty gesture. I deny that.

In my opinion, the soundest approach would be by way of an additional appropriation, recognizing the obligation that we owe to the retired employees and to their widows.

I have made this statement because tomorrow in the debate I intend to ask the chairman of the committee—and I told him so before he left the Chamber, and he said he would be very delighted to discuss the subject with me tomorrow—a series of questions involving S. 2875, as to why S. 2875 does not contain any provisions with respect to the retired employees; and also questions dealing with the question of how best to take care of the retired employees in connection with providing them the additional benefits they need.

I ask unanimous consent to have printed in the RECORD at this point as a

part of my remarks a series of communications which I have received from retired employees in Oregon dealing with the problems I have just discussed.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., May 16, 1956.

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

HON. WAYNE MORSE: Greetings and salutations. Many thank for all the correspondence I received from your office this past month or so. Last time I wrote you for the support of S. 3725. Somebody goofed on that one. Now we are asking for your support of Senator CARLSON's bill, S. 3731. We are told that this bill is more encouraging to us and that will bring the increases this year if brought out of committee. We think that you will be able to muster all the force required in that direction.

Read an article in the paper where some young blood organization in Wisconsin endorsed Adlai for President and WAYNE for Veep. Those are my sentiments too. Anyway we are sure of enough votes for you, whichever position you go after.

Thanking you for all past favors, I remain,
Yours truly,

VICTOR B. GÖTHE.

PORTLAND, OREG., May 17, 1956.

Senator WAYNE MORSE,
Washington, D. C.:

We have just received word that bill S. 3731 has been introduced and has favorable chances of passing. This increase to our annuity will come out of our own retirement fund and does not require special appropriations.

Will you support this bill, S. 3731?

Respectfully yours,

ZELLA Z. SCHLOTTMANN.

PORTLAND, OREG., May 18, 1956.

Hon. WAYNE L. MORSE,
United States Senate Building,
Washington, D. C.:

Respectfully request your vote and support S. 3731 for annuity increases from our own retirement fund.

HARRY J. STRAWBRIDGE,
Portland Chapter, National Association Retired Civil Employees.

PORTLAND, OREG., May 9, 1956.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Thanks for your recent letter and a copy of bill S. 3725 introduced by Senator NEUBERGER, yourself and others.

But I don't like it personally for it provides for no appropriation of cash to help us out in the way we need to be helped.

I understand another bill, introduced by Senator CARLSON, S. 3725, covers practically the same ground but does provide that immediate payments be made from the immense surplus now on hand in the pension fund. That's what we want and was what the NARCE amendment to S. 2875 provided for.

If you really want to help out myself and the tens of thousands other retirees also the 20,000 widows and widowers (not now provided for) please work for S. 3725.

Thanking you, I am

STEPHEN A. ALLEN.

SHERWOOD, OREG., May 8, 1956.

Senator WAYNE MORSE,
DEAR FRIEND AND BENEFACTOR: I received your very fine letter of April 26, and thank you very much. I appreciate, as do thousands of others, the fine help you have rendered us in the past and are now doing for NARCE. I would like to do my little bit in

helping retain you as our Senator from Oregon and any boost I can give you will be a great pleasure to me.

I would like permission to send a copy of your April 26 letter to each one of the chapters in Oregon.

Thanking you very much I am,
ALFRED G. LEE,

PORTLAND, OREG., May 15, 1956.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: Thank you for your letter of April 26 with copy of S. 3725. Be assured that I appreciate your keeping me in mind in connection with this matter which is of vital interest to me.

Those of us who are interested consider that S. 3725 is a step in the right direction but that it does not go far enough as we feel that section 2 renders it innocuous.

The matter was discussed at the NARCE meeting May 9 in comparison with S. 3731 which would make the increase payable from the civil service retirement fund. It is our information that the latter is sufficiently sound to carry the increase without a special appropriation and, of course, would be much more acceptable to those on the retirement rolls.

Encouraged by the last paragraph of the above-cited letter, I am asking that you use your best efforts to secure enactment of S. 3731 as soon as reasonably possible.

Cordially yours,
LEROY A. PALMER.

PORTLAND, OREG., May 17, 1956.

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR: May I ask you to support and work for Senator CARLSON's bill, S. 3731? This would be effective this year with payment from civil service retirement fund.

Thanking you for your courtesy.
Very truly yours,
MISS DORA CLAPPER.

PORTLAND, OREG., May 16, 1956.

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: As our senior Senator from Oregon, will you please help the old retirees here to get an increase in annuities, by working for the passage of S. 3731, or 3725, amended by the Senate committee. The NARCE has been working hard for this and we hope, with your influence along with Senator NEUBERGER, you can put it through.

My husband was struck blind while a deputy clerk in Judge Solomon's office, and after many loyal years for the Government, now only gets \$65 per month, and it's not enough to try to live on, as you well know. We're not complaining. We had a home to sell, but there are so many others who don't even have that. We are told that the money is held by the civil service retirees fund, and so with proper legislation it can be paid out this year. Even a little will help.

This is election day here, we just came back from voting. I hope it all turns out all right.

We trust you will have success with the bill. Thanking you most kindly, and the best of luck (if you put this over, it will help you a lot in Oregon).

Kindest regards,
SALLY P. GATES
(Mrs. Robert J.).

EUGENE, OREG., May 16, 1956.

Hon. WAYNE MORSE,
Senate Office Building.

DEAR MR. MORSE: We wrote you some time ago asking you to again help us get a better increase this year. We know you are a very busy man, and didn't expect an answer soon. Now, we are going to ask you to please support the bill S. 3731, else help get the bill S.

2875 passed promptly. Those bills as you know, would be paid from the civil-service retirement fund. We do need the increase this year. There's been illness in the family.

With sincere thanks.

Mr. and Mrs. GEO. G. RODMAN.

PORTLAND, OREG., May 21, 1956.

HON. WAYNE MORSE,

Senate Building, Washington, D. C.

MY DEAR SENATOR: The plight of the retired civil service employee is deplorable. Little has been done to alleviate his condition. His earning days are past, he is faced with the same high and rising cost of living as is everyone.

Senator CARLSON has introduced S. 3731. This bill covers annuity increases in accordance with the amendments that we proposed on S. 3725. It would become effective this year as no special appropriation is required as the proceeds will come from the civil-service retirement fund.

May I ask you in the name of justice to the retired civil service employee to lend this bill (S. 3731) your wholehearted support?

Sincerely yours,

JOS. B. BRADY.

PORTLAND, OREG., May 16, 1956.

HON. WAYNE MORSE,

Senator for Oregon.

DEAR SIR: It has been asked of me that I write you and call your attention to the following: Senator CARLSON has introduced bill S. 3731. This bill is a forward step, encouraging to retired members. It covers annuity increases. It would be effective this year, as payments for this year would be made from civil-service retirement fund. This bill appears to be satisfactory and warrants your strong support. I have further been asked to urge you to work for this bill that would provide payment from our own retirement fund.

Dear Mr. WAYNE MORSE, please do something. Every day wages and living goes up, it is no sinecure to make both ends meet. For myself I don't want nothing. I am 82 years old, and due for the call of death any time. But there are others.

Sincerely yours,

P. J. HANSEN,

Lieutenant Commander, USNR
(honorably retired).

PORTLAND, OREG., May 17, 1956.

DEAR MR. MORSE: What do you think of Senator CARLSON's bill for retired Federal employees, S. 3731? Can you tell me what is in the minds of our legislatures when they are against or indifferent to such help to these older folks?

Have they forgotten their own generous raise to themselves to meet the higher living costs?

You are doing all right, we think. Thank you.

Sincerely yours,

Mr. and Mrs. H. R. RICHARDS.

PORTLAND, OREG., May 17, 1956.

Senator WAYNE MORSE.

FRIEND: On behalf of S. 3731, introduced by Senator CARLSON, we are asking for your favorable support. You have been very kind to our group of retirees, and we're not forgetting that tomorrow at our primary election.

Respectfully yours,

JOHN S. and Mrs. CLAUDIA DAWSON.

PORTLAND, OREG., May 17, 1956.

The Honorable WAYNE L. MORSE,
United States Senate,

Washington, D. C.

MY DEAR SENATOR: Please get behind S. 3731 (introduced by Senator Carlson). This bill covers annuity increases in accordance with the amendments proposed by the Na-

tional Association Retired Civil Employees. The bill would be effective this year, as the payment for this year would be made from the Civil Service Retirement Fund, and does not require that a special appropriation be obtained to cover our increase, until later years.

This bill is satisfactory to us and we urge your strong support, of this bill or one like it, that would provide payment from our own retirement fund. At last accounts, our two Senators were supporting S. 3725, but section 2 of that bill requires separate appropriation bill to pay the increase, something NARCE thinks is impossible of accomplishment this year.

Will appreciate your strong support of S. 3731 as above.

Very sincerely,

BLANCHE SIMMONS,

Member, Chapter 29, NARCE.

THE LINVILLE AGENCY,

Hood River, Oreg., May 17, 1956.

HON. WAYNE L. MORSE,

Senate Office Building,

Washington, D. C.

DEAR SENATOR MORSE: The purpose of this letter is to urge your active support of pending legislation designated as S. 3731, providing for an increase in annuity payments to retired civil service employees.

As a retired Government worker, I am more fortunate than many in that I have some other income than my retirement pay, but I am sure you fully realize the very difficult situation many retirees face with living costs as they are at this time, because of the low purchasing power of dollars.

I am fully aware of the many pressures for the Congress to "do something" about the problems confronting people today, and as a group I am also sure civil service retirees are most appreciative of the increases in retirement pay that has been provided in recent years, but now, again, the need is great. We ask you support of the pending bill.

With best wishes and kind regards to yourself and Mrs. Morse, I am,

Most sincerely,

CLYDE LINVILLE.

PORTLAND, OREG., May 17, 1956.

HON. WAYNE MORSE,

Senate Office Building,

Washington, D. C.

DEAR SENATOR: I hope you will give your support to S. 3731, introduced by Senator CARLSON. This bill provides increased annuities to retired Federal employees in line with increases granted active employees, and payable from the civil service retirement fund.

Very sincerely,

M. L. MERRITT.

PORTLAND, OREG., May 18, 1956.

The Honorable WAYNE MORSE,

Senate Office Building,

Washington, D. C.

MY DEAR SENATOR MORSE: I am the widow of Ben A. Campbell, retired superintendent of mails of the Portland post office, who passed away in 1946 after serving 46 years in the United States mail service.

I have never received any annuity. I hope this bill, S. 3731, will include the widows whose husbands passed away prior to 1948.

Respectfully yours,

Mrs. BEN A. CAMPBELL,

Member of Chapter No. 29, National
Association of Retired Civil Em-
ployees.

Mr. MORSE. Mr. President, on April 9, 1956, I addressed a letter to each member of the committee. I wish the RECORD to be perfectly clear, so that the retired employees will know the position

I have taken on this question. I read the letter which I sent to each member of the Committee on Post Office and Civil Service of the Senate, under date of April 9, 1956:

DEAR SENATOR: It is my understanding that on April 11 the Retirement Subcommittee of the Senate Post Office and Civil Service Committee, of which you are member, will vote on S. 2875 and on the amendments to it that have been offered.

I want to express to you my hope that the proposals to extend increases in retirement benefits to those presently retired will be approved. I am aware of the fact that retirees received an increase in their annuities last year; however, Congress did not include survivors' benefits in the increase, and the average annuity still amounts only to \$1,600 a year, with no minimum. Half of all annuitants receive less than \$100 a month, and half the survivors receive less than \$50 a month. Surely you will agree that a decent living is just about impossible today on such meager amounts. I believe you will also agree that men and women who have spent their lives in the service of the United States Government deserve better treatment than that.

The National Association of Retired Civil Employees has proposed a series of amendments to extend moderate increases to all on the retired roll. I ask that they be given favorable consideration, and that improved benefits for retirees and survivors be added to S. 2875. The retirement fund appears well able to accommodate them, and while I appreciate that S. 2875 is aimed at improving benefits for those still employed by the Government, it is my hope that retirees and survivors will also be aided in their struggle to meet the cost of living.

With kindest regards,

Sincerely,

WAYNE MORSE.

Mr. President, I also wish to read into the RECORD at this time a letter I wrote to a group of constituents under date of April 9, 1956:

DEAR SIR: Thank you very much for writing to me about S. 2875 and the amendments that have been proposed to include those already retired in the increases in retirement benefits. I am informed that the retirement subcommittee of the Senate Post Office and Civil Service Committee will meet soon to vote on the provisions of S. 2875 and that the full committee will take it up immediately thereafter.

Because the retired employees received an increase in their annuities only recently, the extension of S. 2875 to them faces tough going. However, I feel personally that their retirement benefits do not enable them to maintain a decent living standard and that they are entitled to further increases. The average annuity for retirees amounts only to \$1,600 a year and there is no provision for a minimum annuity. Congress did not make provision for survivors in last year's increase and I believe that retirees and survivors should be included in S. 2875.

I am going to discuss this matter with subcommittee members, and urge that they amend S. 2875 to provide additional increases for civil-service employees presently retired. These fine people who have worked for Uncle Sam are not receiving the retirement benefits they deserve, and I shall work for the most favorable treatment possible for them.

The bill requiring that salary increases for civil-service employees include increases in retirement benefits is before the House of Representatives. I believe we should include a statement of this principle in S. 2875, though it cannot be more than a declaration of intent, since this Congress cannot bind

future Congresses to specific legislative provisions.

With kindest regards,
Sincerely,

WAYNE MORSE.

Mr. President, in closing I wish to say that as of now I believe our best chance of getting needed economic benefits for the retired employees is by way of separate legislation.

If the information I received today proves to be the case tomorrow, there seems to be little chance of getting it done by way of an amendment to S. 2875, because the members of the committee with whom I have talked on the subject have said, "This is a bill that we intend to limit to so-called active civil-service employees, those presently in the employ

of the Government, and who are presently paying a certain percentage of their salaries into the retirement fund."

The members of the committee with whom I have talked have also said that they agree with me that additional legislation is needed to meet the needs of the retired employees. I have the feeling that it will have to be by way of an equitable compromise or adjustment between S. 3725 and S. 3731.

To that end I shall devote my attention in the debate tomorrow and in the days to come to the further consideration of those two pieces of separate legislation.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS

Mr. MORSE. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 6 o'clock and 35 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Wednesday, May 23, 1956, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 22 (legislative day of May 7), 1956:

UNITED STATES CIRCUIT JUDGE

Frederick G. Hamley, of Washington, to be United States circuit judge, ninth circuit, vice Homer T. Bone, retired.

House of Representatives

TUESDAY, MAY 22, 1956

The House met at 12 o'clock noon.

Rev. William H. Andrew, pastor, First Baptist Church, Bryan, Tex., offered the following prayer:

Almighty God, the Heavenly Father, ruler of the destinies of men and nations, we thank Thee for Thy love, Thy goodness to this Nation, and Thy blessings in giving each of us life for this one day. Grant that today may be blessed with the full realization of Thy presence, Thou living God.

May each citizen, in lowly estate and high office, be guided by Thy wisdom. May the decisions made today be according to Thy will. May the people of this Nation have courage to live as well as to die for that which is just and righteous today.

We pray for our President and for the humblest citizen. May Thy love reign worldwide. In our Lord's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On May 18, 1956:

- H. R. 1488. An act for the relief of Mrs. Esther Reed Marcantel;
- H. R. 1989. An act for the relief of George D. Hopper;
- H. R. 2338. An act for the relief of Charles F. Bullette;
- H. R. 2717. An act for the relief of Giles P. Fredell and wife;
- H. R. 2736. An act for the relief of Roy M. Butcher;
- H. R. 2924. An act for the relief of David J. Dazé;
- H. R. 3526. An act for the relief of the estate of Neil McLeod Smith;
- H. R. 3638. An act for the relief of Joseph H. Washburn;
- H. R. 3639. An act for the relief of Ralph Bennett and certain other employees of the Bureau of Indian Affairs;
- H. R. 4051. An act to provide for the relief of certain Army and Air Force nurses, and for other purposes;
- H. R. 4536. An act for the relief of John J. Cowin;
- H. R. 4634. An act for the relief of Lt. Col. George H. Cronin, United States Air Force;
- H. R. 4902. An act for the relief of Martin F. Kendrigan;
- H. R. 5495. An act for the relief of Arthur H. Homeyer;
- H. R. 5633. An act for the relief of John L. Boyer, Jr.;
- H. R. 5787. An act to authorize settlement of claims for residential structures heretofore erected at the expense of patients on the

grounds of the Public Health Service Hospital, Carville, La.;

- H. R. 5951. An act for the relief of Samuel E. Arroyo;
 - H. R. 6395. An act for the relief of Thomas W. Bevans and others;
 - H. R. 6622. An act for the relief of certain rural carriers;
 - H. R. 6769. An act to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," to increase the amounts authorized to be expended;
 - H. R. 7114. An act for the relief of Frank G. Gerlock;
 - H. R. 7513. An act to direct the Secretary of the Interior to grant an extension of time to the Matanuska Valley Lines, Inc., and to Russell Swank and Joe Blackard within which to apply for patent to certain lands in Alaska;
 - H. R. 8187. An act for the relief of Wright H. Huntley;
 - H. R. 8306. An act for the relief of Eugene Gardner, Byron M. Barbeau, John R. Reaves, and Jackson L. Hardy;
 - H. R. 8307. An act for the relief of Nathan A. Kahn;
 - H. R. 8308. An act for the relief of Arthur E. Weeden, Jr.;
 - H. R. 8310. An act for the relief of Chief Warrant Officer George C. Carter;
 - H. R. 8311. An act for the relief of Daniel O. Hulse, Jr.;
 - H. R. 8547. An act to revive and reenact the act entitled "An act authorizing the Ogdensburg Bridge Authority, its successors and assigns, to construct, maintain, and operate a bridge across the St. Lawrence River at or near the city of Ogdensburg, N. Y.";
 - H. R. 8807. An act to extend for an additional 3 years the time within which the State of Michigan may commence and complete the construction of certain projects heretofore authorized by the Congress; and
 - H. R. 9132. An act to provide for the approval of the report of the Secretary of the Interior on the Ainsworth unit of the Missouri River Basin project.
- On May 19, 1956:
- H. R. 2423. An act for the relief of the city of Sandpoint, Idaho;
 - H. R. 4633. An act for the relief of Crosse & Blackwell Co.;
 - H. R. 6706. An act for the relief of Gay Street Corp., Baltimore, Md.; and
 - H. R. 10004. An act making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes.
- On May 22, 1956:
- H. R. 3738. An act for the relief of Roy M. Hofheinz and wife Irene.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, its clerk, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

- H. R. 1471. An act for the relief of William J. Robertson;
- H. R. 1779. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Juniper division of the Wapinitia Federal reclamation project, Oregon;
- H. R. 3054. An act for the relief of Allen Pope, his heirs or personal representatives;

H. R. 4604. An act relating to the issuance of certain patents in fee to lands within the Blackfeet Indian Reservation, Mont.;

H. R. 4656. An act relating to the Lumbee Indians of North Carolina;

H. R. 5047. An act to increase the compensation of trustees in bankruptcy;

H. R. 5478. An act to authorize a \$100 per capita payment to members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 5652. An act to provide for the relief of certain members of the Army and Air Force, and for other purposes;

H. R. 6084. An act to authorize the Secretary of the Interior to sell certain lands of the Agua Caliente Band of Mission Indians, California, to the Palm Springs Unified School District;

H. R. 6374. An act to repeal legislation relating to the Gallup-Durango Highway and the Gallup-Window Rock Highway at the Navajo Indian Reservation;

H. R. 6623. An act to amend the act of July 1, 1952, so as to obtain the consent of Congress to interstate compacts relating to mutual military aid in an emergency;

H. R. 6990. An act to provide for the conveyance of certain lands by the United States to the Board of National Missions of the Presbyterian Church in the United States of America;

H. R. 7540. An act to provide for the sale of a Government-owned housing project to the city of Hooks, Tex.;

H. R. 8309. An act for the relief of Colonel Henry M. Zeller;

H. R. 8810. An act authorizing the Secretary of the Interior to construct, equip, maintain, and operate a new fish hatchery in the vicinity of Miles City, Mont.;

H. R. 8904. An act to amend certain laws relating to the grade of certain personnel of the Army, Navy, Air Force, and Marine Corps upon retirement;

H. R. 9207. An act to authorize the Secretary of the Interior to contract with the Middle Rio Grande Conservancy District of New Mexico for the payment of operation and maintenance charges on certain Pueblo Indian lands;

H. R. 9257. An act to amend title 18 of the United States Code, so as to provide for the punishment of persons who assist in the attempted escape of persons in Federal custody; and

H. Con. Res. 230. Concurrent resolution authorizing the printing of additional copies of the hearings on H. R. 5550 for the use of the Committee on Ways and Means.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill and a joint resolution of the House of the following titles:

H. R. 483. An act to amend the Army-Navy-Public Health Service Medical Officer Procurement Act of 1947, as amended, so as to provide for appointment of doctors of osteopathy in the Medical Corps of the Army and Navy; and

H. J. Res. 261. Joint resolution authorizing the Secretary of the Army to make such transfers of supplies and equipment as may be available to The Citadel, Charleston, S. C.

May 23, 1956

explain the Department's failure to contract with additional preference customers.

"It is difficult to understand how the Department can take this position in view of the provisions of the Flood Control Act, which establish REA cooperatives as preference customers and call for the widest distribution of power generated at Federal dams at the lowest possible cost, consistent with good business practices. The testimony of the Department witnesses as to the reasons why certain preference customers have not been granted contracts with the SPA was in no sense conclusive. The Committee therefore directs the Department to consider further the applications for power and for integration of REA systems which have been presented to the Southwestern Power Administration and to report to the Committee at the time of the hearings on the 1958 budget the action taken.

"The Committee desires also that a further study be made of the feasibility of serving the load centers of the cooperatives on the Northwest Electric Power generating and transmitting co-op system at the basic SPA power rate until such time as the Northwest system is loaded to the full capacity of its own steam-generating plant at Missouri City. The Conferees on the 1956 Public Works Appropriation Bill directed integration arrangements which would provide for service to distribution co-ops at the basic SPA rate, if practical. From the testimony obtained during the hearings, it appears clear that such a contractual arrangement with Northwest is practical, at least until the Missouri City Steam Plant is entirely loaded."

COORDINATION OF PUBLIC CONSTRUCTION PROGRAMS

"It has been brought to the attention of the Committee, in connection with several projects, that construction by public agencies has not been coordinated and that considerable unnecessary expense has resulted. This has been especially true with regard to additional road construction in reservoir areas between the time of authorization and construction of water control projects, resulting in unnecessary additional costs for relocation. In connection with one project, road development in the reservoir area in recent years is so extensive that the cost of relocation apparently makes a previously well justified project completely infeasible. In other instances the Forest Service of the United States Department of Agriculture has built access roads that are much more permanent, and much more costly than necessary for logging operations.

"In general, this problem is most serious as it affects the program of the Corps of Engineers since their projects usually have to bear the additional costs involved. It, therefore, behooves the Corps to take the lead in developing a system of information exchange and better cooperation between public construction agencies. The Committee will expect a report on progress in this field when hearings are held on the budget for 1958."

SENATE

13. PERSONNEL. Passed with amendments S. 2875, the Johnston retirement bill. pp. 7901, 7908, 7913, 7921, 7933, 7940

Agreed to the following amendments:

By Sen. Johnston, to establish ceilings on the amount of annual benefits which may be paid to surviving children. p. 7921

By Sen. Carlson, directing the Secretary of the Treasury to invest retirement funds in U. S. interest-bearing securities, and the income derived from these investments to become a part of the retirement fund. p. 7923

By Sen. Johnston (as a substitute for an amendment by Sen. Carlson), to strike provisions from bill permitting employees who quit with less than 20 years of service to obtain social security coverage for the service. p. 7927

By Sen. Hill, to credit certain military duty for retirement purposes. p. 7933

Rejected the following amendments:

By Sen. Knowland, to strike out the provision in the bill providing free and automatic survivor rights on the first \$2400 of annuities, and to retain the present provisions of law regarding this, by a vote of 16 to 65. p. 7934

By Sen. Carlson, to delete the provision in the bill which provides for optional retirement before the age of 60, by a vote of 36 to 46. p. 7927

Sen. Smathers inserted a proclamation by the Governor of Florida proclaiming the week of June 10, "Federal Government Employees Appreciation Week". p. 7894

14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 10899, the Commerce Department appropriation bill (S. Rept. 2039). p. 7895
15. FORESTRY. The Interstate and Foreign Commerce Committee reported without amendment H. R. 9822, to provide for the establishment of a trout hatchery on the Davidson River in the Pisgah National Forest, N. C. (S. Rept. 2038). p. 7895
16. FARM PROGRAM. Sen. Humphrey and others commented on the recent passage of the farm bill and criticized Administration farm policies. p. 7913
17. EXTENSION SERVICE. Sen. Wiley inserted a Christian Science Monitor article paying tribute to the Univ. of Wis. extension division. p. 7906
18. RECREATION. Sen. Neuberger spoke on the need for additional outdoor recreational facilities, and inserted a magazine article on the subject. p. 7910
19. VETERANS. Sen. Langer inserted a speech of the vice commander, Disabled American Veterans, criticizing the report of the Bradley Commission on veterans' affairs. p. 7911
20. FARM PRICES. Sen. Capehart inserted several tables showing recent trends in farm prices in Indiana for a number of farm commodities. p. 7937
21. ROADS. Sen. Case inserted and commented on several tables relating to apportionment of Federal funds to States for highway construction, construction costs of highways by the mile, etc. p. 7944
22. LIBRARY SERVICES. A Labor and Public Welfare subcommittee ordered reported to the full committee without amendment H. R. 2840, to promote the further development of public library service in rural areas. p. D519
23. MILK. A Labor and Public Welfare subcommittee ordered reported to the full committee without amendment S. 1614, to revise the definition and standards of certain dry milk solids. p. D519
24. HOUSING. Made S. 3855, the housing bill, its unfinished business to be considered today. p. 7948

ITEMS IN APPENDIX

25. FARM PROGRAM. Rep. Albert inserted a "concise" statement of the major provisions of H. R. 10875, the new farm bill. p. A 4153
Sen. Neuberger inserted a constituent's letter explaining in detail how he plans to incorporate the soil-bank provisions into his farm plan. p. A 4131
Sen. Watkins inserted a letter written to the editor of a newspaper and stated "this letter, which commends President Eisenhower for his veto on H.R. 12,

the relief of Kim Boksoon, which were, on page 1, line 7, strike out "months, if" and insert "months: *Provided, That*"; on page 1, line 7 strike out "(1)"; on page 1, line 10, strike out "(2)"; on page 2, after line 11, insert:

SEC. 2. In the administration of the Immigration and Nationality Act, Anke Naber, the fiancée of 1st Lt. Jack B. Stewart, United States Air Force, a citizen of the United States, shall be eligible for a visa as a non-immigrant temporary visitor for a period of 3 months: *Provided, That* the administrative authorities find that the said Anke Naber is coming to the United States with a bona fide intention of being married to the said Jack B. Stewart and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within 3 months after the entry of the said Anke Naber, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within 3 months after the entry of the said Anke Naber, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Anke Naber as of the date of the payment by her of the required visa fee.

And to amend the title so as to read: "An act for the relief of Kim Boksoon and Anke Naber."

Mr. EASTLAND. Mr. President on March 19, 1956, the Senate passed S. 1970, to provide for the admission into the United States, for the purpose of marriage, of the fiancée of a United States citizen. On May 7, 1956, the House of Representatives passed S. 1970, with amendments to include the beneficiary of one similar Senate bill, and to make several minor changes in the language of the bill.

The amendments are acceptable; and I move that the Senate concur in the House amendments to S. 1970.

The motion was agreed to.

PIETRO RODOLFO WALTER STULIN

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1883) for the relief of Pietro Rodolfo Walter Stulin, which were, to strike out all after the enacting clause and insert:

SEC. 2. For the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Renate Karolina Horky, shall be held and considered to be the natural-born alien child of Sfc. Chester M. Zentner, a citizen of the United States.

And to amend the title so as to read: "An act for the relief of Pietro Rodolfo Walter Stulin and Renate Karolina Horky."

Mr. EASTLAND. Mr. President, on March 19, 1956, the Senate passed S. 1883, to provide for the admission into the United States as a nonquota immigrant of a minor child to be adopted by a United States citizen serviceman, who is married to the child's mother. On May 7, 1956, the House of Representatives passed S. 1883, with amendments to include the beneficiary of one similar Senate bill.

Inasmuch as the House amendments make no substantive changes, but merely group two cases into one bill, I move that the Senate concur in the House Amendments to S. 1883.

The motion was agreed to.

ERIC A. CUMMINGS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1111) for the relief of Eric A. Cummings, which were, to strike out all after the enacting clause and insert:

That, notwithstanding the provision of section 212 (a) (2) of the Immigration and Nationality Act, Sarah Kleidermacher may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided, That* a suitable and proper bond or undertaking approved by the Attorney General, be deposited as prescribed by section 213 of the said act

SEC. 2. Notwithstanding the provision of section 212 (a) (4) of the Immigration and Nationality Act, Audrey Jean Younkers and Robert Geoffrey Hunt may be issued visas and admitted to the United States for permanent residence if they are found to be otherwise admissible under the provisions of that act: *Provided, That* suitable and proper bonds or undertakings, approved by the Attorney General be deposited as prescribed by section 213 of the said act.

SEC. 3. In the administration of the Immigration and Nationality Act, Charlotte Muhlefeldt, the fiancée of Hans Jahnke, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of 3 months: *Provided, That* the administrative authorities find that the said Charlotte Muhlefeldt is coming to the United States with a bona fide intention of being married to the said Hans Jahnke and that she is found otherwise admissible under the immigration laws, other than the provision of section 212 (a) (4) of the said act: *Provided further, That* a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act. In the event the marriage between the above-named persons does not occur within 3 months after the entry of the said Charlotte Muhlefeldt, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within 3 months after the entry of the said Charlotte Muhlefeldt, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Charlotte Muhlefeldt as of the date of the payment by her of the required visa fee.

SEC. 4. Notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, John Joon Sik Chung, Cesare Picco, Regina M. Knight, Jenny Antionette V. Ingram, and Paula Edith Reynolds may be issued visas and admitted to the United States for permanent residence if they are found to be otherwise admissible under the provisions of that act.

SEC. 5. Notwithstanding the provision of section 212 (a) (19) of the Immigration and Nationality Act, Eric A. Cummings may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provision of that act.

SEC. 6. The exemptions provided for in this act shall apply only to grounds for exclusion

of which the Department of State or the Department of Justice had knowledge prior to the enactment of this act.

And to amend the title so as to read: "An act to waive certain subsections of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens."

Mr. EASTLAND. Mr. President, on March 19, 1956, the Senate passed S. 1111, to waive the grounds of inadmissibility in behalf of the beneficiary. On May 7, 1956, the House of Representatives passed S. 1111 with amendments to include the beneficiaries of 9 similar individual Senate bills. One case included in S. 1111 passed the Senate to provide only for a waiver of the excludable ground, but has been amended by the House of Representatives to also provide for the beneficiary's admission into the United States for the purpose of marrying her United States citizen fiancée.

The amendments are acceptable; and I move that the Senate concur in the House amendments to S. 1111.

The motion was agreed to.

ANDREW ROSNER

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 767) for the relief of Andrew Rosner, which were, to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Andrew Rosner, Giuseppe Ventura, Johann Antonius Tudhope, Walda Fedor Tudhope, Maria Guadalupe Shockley, Evangelina Vega Shockley, Helen Agnes Blais (Junko Furakawa), and Harold Manley Stewart shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees.

SEC. 2. For the purposes of the Immigration and Nationality Act, Charles F. Garriz, Benjamin Baruch Mintz, Tchia Mintz, Shulamit Mintz, Shalom Boaz Mintz, Mikie Woodward, Hildegard Silvonon, Howard Seeming Liang, Lai Yen Mark Liang, Howard Seeming Liang, Jr., John Shalam, Claude Shalam, Fu-Chuan Chao (also known as Fuk Kun Chiu), Chiu Lai Yuk (also known as Lai Yuk Chao), Yvonne Mary Florescu (Sister John Baptist), Peter Chou-Yuen Tchen, Carmen Aguado, Adele Knoff, Hans Knoff, Jose Torres, Thomas H. Ros, Wei-Chi Liu, Domingo Lim (also known as Lim Eng Kok and Domingo Lim Chay Sang), and Pilar A. Garcia shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to each alien as provided for in this section of this act, if such alien was classifiable as a quota immigrant at the time of the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to reduce by one the quota for the quota area to which the alien is chargeable for the first year that such quota is available.

SEC. 3. The Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding orders and warrant of deportation, warrant of arrest, and bonds, which may have issued in the case of Panteles Kerkos. From and after the date of enactment of this act, the said Panteles Kerkos shall not again be subject to deportation by reason of the same facts upon which such deportation proceed-

ings were commenced or any such warrants and orders have issued.

And to amend the title so as to read: "An act for the relief of certain aliens."

Mr. EASTLAND. Mr. President, on March 19, 1956, the Senate passed S. 767, to grant the status of permanent residence in the United States to the beneficiary. On May 7, 1956, the House of Representatives passed S. 767 with amendments to include the beneficiaries of 22 similar individual Senate bills. One case included in S. 767 passed the Senate, to grant permanent residence to the beneficiary, but has been amended to provide only for cancellation of outstanding deportation proceedings in behalf of the beneficiary. In addition, one minor change was made in the language of the bill.

The amendments are acceptable, and I move that the Senate concur in the House amendments to S. 767.

The motion was agreed to.

REVISION OF CIVIL SERVICE RETIREMENT ACT

Mr. SMATHERS. Mr. President, I move that the Senate resume the consideration of the pending business, Senate bill 2875.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

DEPENDENTS' MEDICAL CARE ACT— CONFERENCE REPORT

Mr. RUSSELL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9429) to provide medical care for dependents of members of the uniformed services, and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9429) to provide medical care for dependents of members of the uniformed services, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: That this act may be cited as the "Dependents' Medical Care Act."

TITLE I

SEC. 101. The purpose of this act is to create and maintain high morale throughout the uniformed services by providing an improved and uniform program of medical care for members of the uniformed services and their dependents.

SEC. 102. (a) As used in this act—

(1) The term "uniformed services" means the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Commissioned Corps of the Coast and Geodetic Survey, and the Commissioned Corps of the Public Health Service.

(2) The term "member of a uniformed service" means a person appointed, enlisted, inducted or called, ordered or conscripted in a uniformed service who is serving on active duty or active duty for training pursuant to a call or order that does not specify a period of 30 days or less.

(3) The term "retired member of a uniformed service" means a member or former member of a uniformed service who is entitled to retired, retirement, or retiree pay or equivalent pay as a result of service in a uniformed service, other than a member or former member entitled to retired or retirement pay under title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948 who has served less than 8 years of active duty as defined in section 101 (b) of the Armed Forces Reserve Act of 1952.

(4) The term "dependent" means any person who bears to a member or retired member of a uniformed service, or to a person who died while a member or retired member of a uniformed service, any of the following relationships—

(A) the lawful wife;

(B) the unmarried widow;

(C) the lawful husband, if he is in fact dependent on the member or retired member for over one-half of his support;

(D) the unmarried widower, if he was in fact dependent upon the member or retired member at the time of her death for over one-half of his support because of a mental or physical incapacity;

(E) an unmarried legitimate child (including an adopted child or stepchild), if such child has not passed his 21st birthday;

(F) a parent or parent-in-law, if the said parent or parent-in-law is, or was at the time of the member's or retired member's death, in fact dependent on the said member or retired member for over one-half of his support and is, or was at the time of the member's or retired member's death, actually residing in the household of the said member or retired member; or

(G) an unmarried legitimate child (including an adopted child or stepchild) who (i) has passed his 21st birthday, if the child is incapable of self-support because of a mental or physical incapacity that existed prior to his reaching the age of 21 and is, or was at the time of the member's or retired member's death, in fact dependent on him for over one-half of his support, or (ii) has not passed his 23d birthday and is enrolled in a full-time course of study in an institution of higher learning as approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare and is, or was at the time of the member's or the retired member's death, in fact dependent on him for over one-half of his support.

(b) Except as otherwise provided in this act, the Secretary of Defense shall administer this act for the Army, Navy, Air Force, and Marine Corps and for the Coast Guard when it is operating as a service in the Navy, and the Secretary of Health, Education, and Welfare shall administer it for the Coast and Geodetic Survey and the Public Health Service, and for the Coast Guard when it is not operating as a service in the Navy.

SEC. 103. (a) Whenever requested, medical care shall be given dependents of members

of a uniformed service, and dependents of persons who died while a member of a uniformed service, in medical facilities of the uniformed services subject to the availability of space, facilities, and the capabilities of the medical staff. Any determination made by the medical officer or contract surgeon in charge, or his designee, as to availability of space, facilities, and the capabilities of the medical staff, shall be conclusive. The medical care of such dependents provided for in medical facilities of the uniformed services shall in no way interfere with the primary mission of those facilities.

(b) In order to provide more effective utilization of medical facilities of the uniformed services, the Secretary of Defense and the Secretary of Health, Education, and Welfare shall jointly prescribe regulations to insure that dependents entitled to medical care in a medical facility of a uniformed service under the provisions of this act shall not be denied equal opportunity for medical care because of the service affiliation of the service member.

(c) The Secretary of Defense, after consultation with the Secretary of Health, Education, and Welfare, shall establish fair charges for inpatient medical care given dependents in the facilities of the uniformed services, which charges shall be the same for all dependents.

(d) As a restraint on excessive demands for medical care under this section, uniform minimal charges may be imposed for outpatient care but such charges shall be limited to such amounts, if any, as may be established by the Secretary of Defense after consultation with the Secretary of Health, Education, and Welfare, under a special finding that such charges are necessary.

(e) Any amounts that are received in payment for subsistence and medical care rendered dependents in facilities of the uniformed services shall be deposited to the credit of the appropriation supporting the maintenance and operation of the facilities furnishing the care.

(f) Medical care under this section shall be limited to the following:

(1) Diagnosis;

(2) Treatment of acute medical and surgical conditions;

(3) Treatment of contagious diseases;

(4) Immunization; and

(5) Maternity and infant care.

(g) (1) Hospitalization under this section is not authorized dependents for domiciliary care.

(2) Hospitalization under this section is not authorized dependents for nervous and mental disorders, chronic diseases, or elective medical and surgical treatments, except that the Secretary of Defense, after consultation with the Secretary of Health, Education, and Welfare, by regulation, may provide in special and unusual cases for hospitalization of not to exceed 12 months for dependents for such disorders or such diseases, or for such treatments.

(h) Dependents shall not be provided under this section—

(1) prosthetic devices, hearing aids, orthopedic footwear, and spectacles, except that outside the continental limits of the United States and at remote stations within the continental limits of the United States where adequate civilian facilities are not available, those items, if available, from Government stocks, may be provided to dependents at prices representing invoice cost to the Government;

(2) ambulance service, except in acute emergency;

(3) home calls, except in special cases where it is determined by the medical officer or contract surgeon in charge, or his designee, to be medically necessary;

(4) dental care, except—

we may help to avoid having to help them with the power of the life and health of our young men. I certainly believe in this program, but can we as a nation express such human kindness to foreign countries yet deny it to our disabled veterans? Can we justly spend \$4,900,000,000 on foreign aid and at the same time withdraw our aid from those disabled in our country's service? That would be like feeding our next door neighbor while our own children starved. Charity should not end at home but justice certainly should begin there. I hope it will not be necessary to make a choice, but if we must, then the Nation's obligations to the disabled veteran must be the determining factor.

The Commission condemns the present structure of veterans' programs on the premise that it is not a system. They further state: "It is an accretion of laws based largely on precedents built up over 150 years of piecemeal development. The public at large has taken little interest and the laws have been enacted in response to minority pressures." I wish to point out that any blanket law such as is proposed in the report would, because of attempted universality, produce a rigidity of application which would result in inequities. These would then require remedial amendments in the form of additional legislation. This was last attempted in the enactment of Public Law 2, 73d Congress, and when expediency required remedial amendments they were provided by subsequent laws, guided by experience and only after considerable research and hearings before Congress. If this action is what is haughtily referred to as "piecemeal development," then I am in favor of it, for it is proof that we are not backward looking but keep up to date with changes in society. If the Commission can so lightly dismiss an accretion of laws based largely on precedents built up over 150 years of piecemeal development, I wonder what the Commission thinks, for example, of the British Constitution which could be defined almost in those same terms, and which is an admittedly flexible and workable document, and on which, in some measure, our own Constitution and Bill of Rights is based. I mention this because the Bradley Commission was not averse to using British studies on our disabled veterans. Evidently, their admiration of the British way of doing things stops with what British findings fit in with their own preconceived notions of what veteran benefits should be.

I deeply resent the statement, and Congress should deeply resent the statement, that the public at large has taken little interest and the laws have been enacted in response to minority pressures. That statement, in effect, says that the Congress of the United States instead of acting for the common good has betrayed its trust by acting for the good of a class. First, the Congress, representing the public at large is primarily charged with the promulgation of laws which are beneficial to the majority and any pressure that they may succumb to would be from the latter group. Secondly, Congress recognizes the minority when represented by an organization such as the Disabled American Veterans because it is evident that an injustice would occur unless the voice of all people could be heard. I strongly resent the Commission's attempt to label the Disabled American Veterans a congressionally chartered organization, as a minority group. If it is now popular to label groups, then I wish to refer to the Bradley Commission as the "Brashly Commission" since they, with 1 year's experience brashly intend to destroy the programs sponsored by the Disabled American Veterans, a group with more than 30 years experience in tending to the needs of the disabled veteran.

I will conclude by stating the Bradley Commission wishes to be liberal even gen-

erous so they say remove presumption, remove statutory awards, remove 10 and 20 percent disabilities. This is not my idea of being liberal and generous. I ask one final question. If this were done how many will be left to benefit by their generosity?

Mr. LANGER. Mr. President, only yesterday I received newspapers from Guam and Puerto Rico commenting on a speech which I made upon the Senate floor against the Bradley report, which has received universal comment.

The VICE PRESIDENT. Is there further morning business? If not, the morning business is closed.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

Mr. GOLDWATER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Without objection, it is so ordered.

THE NEW FARM BILL

Mr. HUMPHREY. Mr. President, yesterday the Senate adopted the conference report on the agricultural bill. Perhaps even as I address the Senate the bill is on its way to the White House, awaiting the President's action. I am hopeful that the action will be affirmative and that the President will sign the bill. Perhaps even as I speak he may very well be signing the bill.

Mr. President, I did not speak on the farm bill yesterday because I did not wish to delay the Senate's action on the matter. It is an important subject. It is of the utmost significance to our farmers and to our whole economy. Therefore today I should like to make a few observations on the bill which was passed, and to compare some of the provisions in the bill with other proposals which had been adopted by Congress and vetoed by the President, and with provisions of other bills that were introduced as administration measures.

I would note that there is considerable difference between the administration bill introduced in January and the one which ultimately will go to the White House, or which may be at the White House at this moment.

At long last we have taken final action on a new farm bill. Never in the Senate's history has Congress worked harder in developing some constructive agricultural legislation; never has so much time been devoted both in committee and on the Senate floor to working out a satisfactory bill; never has the urgency for action been more widely recognized in

giving farm legislation the green light above anything else before the Congress.

Again I pause to pay tribute to the chairman of the Senate Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER] and to the Senators and Representatives who are members of the Committees on Agriculture in the Senate and House, for what I believe to be a conscientious and diligent effort to perfect suitable agricultural legislation which would meet the need of the current economic situation in our agricultural economy.

As the bill now stands, or as it left the Senate, it is a bill which leaves much to be desired. Yet at the same time it provides many improvements and safeguards for agriculture which would not have been provided if we had followed alone the guidance and recommendations of the administration.

The bill does not go as far as the majority of the Democrats and a smaller number of Republicans felt and still feel was necessary. It does go further than Republicans and the administration want it to go. It is obviously a compromise, but it is the best we can get enacted with an executive branch that has shown an unwillingness to abide by the considered judgment of the majority of Congress with respect to farm policy.

The long farm fight and the long deliberations in Congress have provided some amazing spectacles—some amazing examples of administration lobbying and usurpation of the responsibilities of the Congress, and what I believe to be some amazing distortions of fact in presentation of what has happened and is happening, as far as press reports and editorial comment in leading newspapers of the country are concerned.

We have heard dinning into our ears the broad generalities of "bad bill" and "good bill," with strange standards apparently used to determine the difference.

Anything that came from a Democratic source, apparently, automatically made the measure a bad bill.

Anything that came from the Eisenhower administration, apparently, was automatically assumed to be a good bill.

That parallel was so strongly drawn that even when a majority of Republicans finally got around to accepting many of the Democratic improvements in the measure, the phrase suddenly shifted from "bad bill" to "good bill."

The truth is that a serious, bipartisan, constructive effort has been made by the Democratic leadership and Democratic-controlled Senate Committee on Agriculture right from the start to enact the best possible bill.

I submit, Mr. President, that anyone who will examine the proceedings in the Committee on Agriculture and Forestry, particularly the statements of the chairman, will find that a determined and considered effort was made to discuss agricultural policy from an economic point of view, not a political point of view; not from a bipartisan point of view.

I regret to note again that while that kind of activity was taking place in a spirit of bipartisanship, repeatedly the Secretary of Agriculture made speeches throughout the country. Those speeches were noted in the press, and from time

to time were commented upon in the Senate.

Despite all the hullabaloo in the press about deliberately seeking a veto, about deliberately delaying the farm bill, and about deliberately "loading" it with unworkable amendments, any close examination of the record will show that simply is not true.

I recall, for example, that some of the local newspapers in my State, which receive a weekly bulletin from the Republican central committee entitled "Trunk Line," carried comments to the effect that the junior Senator from Minnesota had taken up so much time in addressing the Senate that the passage of the farm bill had been delayed.

Many of the editors printed the Republican propaganda as if it were Scripture. They said, "Of course, this is the truth." That publication is known as the Trunk Line, and it is indeed a line. So far as the trunk is concerned, it is jam-packed with many things that should have been discarded long ago from the political attic.

Speaking for myself, I did address the Senate at length on the farm bill, and I am happy that I did so. I felt it was something that needed to be done. I reviewed agricultural policy for the past 22 years. I went into all aspects of agricultural policy, from price supports to soil conservation, to rural electrification, to farm credit. I also cited a number of statistical tables which I thought were worthy of the attention of the Senate. I regret that most of my speaking had to be done in the late hours of the night, but I did that in order to accommodate some of my colleagues who preferred to speak earlier in the day. I believe I made a record, at least in terms of my own observations and attitude, on agricultural policy. I did it because the State I am privileged to represent in part in the Senate is deeply concerned about agriculture. It has a deep and abiding interest, both economically and socially, in a prosperous and progressive and modern agriculture.

As I said, there was a great hullabaloo in the press about Democrats deliberately seeking a veto. In that connection I should like to say that there were a limited number of Republicans from the Midwest, where agriculture is important, as it should be all over America, who had the courage to stand up against their own party leadership and to stand up against the President and the Secretary of Agriculture, and to join with us, vote for vote and amendment for amendment, on the farm bill.

That hullabaloo said we were seeking a veto, deliberately delaying the farm bill and deliberately loading it with unworkable amendments. The partisanship in this fight has been on the other side. It was a bipartisan majority which reported the original bill and a bipartisan majority which enacted it prior to the veto.

It was the Democratic committee that raced for early action on the bill, and had to prod the Department of Agriculture into making up its mind on many questions it had not resolved itself about how the proposed soil bank would work. I repeat, Mr. President, that it had to prod the administration and the Department

of Agriculture to get action on the proposals.

I wish the record to be clear that as late as the middle of January the administration did not have a workable soil-bank proposal. In fact, it was not made available to us in terms that were understandable until the last week in January and into the first week of February.

There were as many amendments offered on the Senate floor by Republicans as by Democrats to prolong the fight on the bill's passage. The Republicans were unsatisfied with the administration's recommendations, knowing they would not adequately meet the problem of farmers of their area. They could not face the farmers with the recommendations presented by the administration. Therefore, Republican Senators, responsive to the needs of their States and of their people, offered amendment after amendment to the farm bill.

Contrary to impressions which have been deliberately created, it was administration-backed Republican amendments that opened the door to attempts to rewrite the bill on the floor each time it was reported with bipartisan support from our committee.

I refer particularly to the so-called corn amendments and to some of the cotton amendments which opened up a Pandora's box of trouble. Frankly, the amendments relating to corn took more time than did any other single amendment or combination of amendments. Yet, they were Republican-sponsored and were Republican administration efforts in connection with the farm bill.

Many contradictions have marked this historic fight, contradictions which the administration will have to face up to sooner or later.

For example, the administration took sharp exception to the efforts of the junior Senator from Minnesota with reference to the set-asides, in trying to improve the administration price-support level. They said it was a kind of legislative hocus-pocus, legislative trickery. After having condemned the successful efforts of the junior Senator from Minnesota to amend the bill by reducing the set-asides of surplus commodities, thereby raising the price-support level, and after having sharply and bitterly condemned the effort, the administration did exactly the same thing, and it became "wonderful." It became "a courageous act on the part of the President."

Mr. President, I would have the Senate know that the price-support levels are almost identical with the price-support levels which the President ultimately announced following his veto of the farm bill, with the same amount of surplus in storage as the Senator from Minnesota had recognized when he introduced his amendment.

My amendment was roundly and bitterly assailed and condemned by the administration spokesmen, but when the President did exactly the same thing, when the Secretary of Agriculture announced new price-support levels for corn, cotton, wheat, and butterfat, it was proclaimed as an act of courage, an act of principle.

I think that pretty well reveals that it is not exactly what one does that

counts; it is who does it. Apparently, this administration has a monopoly upon such attributes as courage, honor, integrity, and all the other so-called virtues of life. But I repeat that the price-support levels which the administration ultimately announced, having to face up to the great volume of surpluses, were almost identical with the price-support levels which were the result of the Humphrey amendment. Yet the Humphrey amendment and its sponsors were literally pounced upon and condemned as an evidence of political chicanery and trickery. But when the President does the same thing, it is noble, courageous, honorable, and an exemplification of integrity.

I submit, Mr. President, that if we could put away partisanship for a moment, and look at the matter objectively, it would appear that the President was following some relatively good advice by following the amendment which was sponsored here. He saw what the facts were and proceeded to overrule his own Secretary and announce new support levels.

Talk about playing politics with the farm program, Mr. President, with the price support on wheat 76 percent of parity, just before Easter, and 80 percent immediately after Easter, with not one bushel of wheat gone, it would appear that someone was playing politics; and the one who was playing politics was the one who jiggled the price supports without any change in the supply situation.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. The administration has followed the advice of the Senator from Minnesota on a series of agricultural proposals. The Senator will recall that he was the one who first introduced a bill in the Senate providing for a soil bank, and it was, to use the Senator's own words, pounced upon by the administration as being a very unsound idea for partial solution of the farm program. Recently, last September 1955, as I recall, there was an adverse report on the soil bank which came to the Senate from the Department of Agriculture. But when the administration heard from the farmers, what did it do? It proposed a soil bank. But it did not call it the Humphrey soil-bank proposal. It was not big enough to give credit to the source of the idea which was already in legislative form.

I think a very interesting document would be one which set forth the specific proposals of the Senator from Minnesota on agricultural problems during the past 6 years and traced those proposals into what has now become some of the major proposals of the administration, and we would see that the Senator from Minnesota really had been a brain trust for this administration when it came to solving agricultural problems.

Mr. HUMPHREY. I wish to thank my friend from Oregon for his very generous comments—much undeserved, but very much appreciated.

Mr. President, after the bitter fight against boosting the support level for hard-pressed dairymen, the administra-

He placed in the RECORD his letter to Dr. Shaw, which said, in part:

"As a means of bringing this before the Senate Committee on Agriculture, I would like to introduce legislation authorizing establishment of such a facility, and proposing that it be located in Minnesota. I believe a good case can be made for having such a facility out in the Midwest, where we are substantial producers of hogs, beef cattle, and dairy cattle. I am sure cooperation of the University of Minnesota and State officials could be obtained in providing an adequate site.

"I believe immediate introduction of such legislation would expedite obtaining a decision from the Senate Committee on Agriculture at this session, both as to the desirability of such a facility, and as to where it should be located."

The Appropriations Committee had opposed granting the budget request until the Committee on Agriculture had studied the need for such a facility and the best location for it.

Senator HUMPHREY said he had been working for expansion of animal disease research facilities and funds ever since the convention of the American Veterinary Medical Association in Minneapolis last summer, at which the urgent need was emphasized by Dr. A. H. Quin, president of that group. He presented for the RECORD a letter written to the Secretary of Agriculture last August calling attention to the recommendations of the American Veterinary Medical Association, and urging expansion of such research activity.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10875) to enact the Agricultural Act of 1956.

ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 460. An act to amend section 4482 of the Revised Statutes, as amended (46 U. S. C. 475), relating to life preservers for river steamers;

S. 743. An act to authorize biennial inspection of the hulls and boilers of cargo vessels, and for other purposes;

S. 1378. An act to clarify and consolidate the authority to require the establishment, maintenance, and operation of aids to maritime navigation on fixed structures in or over navigable waters of the United States;

S. 1790. An act to amend section 4153 of the Revised Statutes, as amended, to authorize more liberal propelling power allowances in computing the net tonnages of certain vessels;

S. 1791. An act to amend section 3 of the act of April 25, 1940 (54 Stat. 164), relating to the lights required to be carried by motorboats;

S. 2151. An act to provide for the segregation of certain funds of the Fort Berthold Indians on the basis of a membership roll prepared for such purpose;

S. 2327. An act for the relief of Takako Iba;

S. 2562. An act to amend the United States Information and Educational Exchange Act of 1948, as amended;

S. 3237. An act to provide for continuance of life-insurance coverage under the Federal Employees' Group Life Insurance Act of 1954,

as amended, in the case of employees receiving benefits under the Federal Employees' Compensation Act;

S. 3315. An act to amend section 5 of the Civil Service Retirement Act of May 29, 1930, as amended;

S. 3524. An act to give effect to the Convention on Great Lakes Fisheries signed at Washington September 10, 1964, and for other purposes; and

H. R. 10875. An act to enact the Agricultural Act of 1956.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, May 23, 1956, he presented to the President of the United States the following enrolled bills:

S. 460. An act to amend section 4482 of the Revised Statutes, as amended (46 U. S. C. 475), relating to life preservers for river steamers;

S. 743. An act to authorize biennial inspection of the hulls and boilers of cargo vessels, and for other purposes;

S. 1378. An act to clarify and consolidate the authority to require the establishment, maintenance, and operation of aids to maritime navigation on fixed structures in or over navigable waters of the United States;

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S. 3315. An act to amend section 5 of the Civil Service Retirement Act of May 29, 1930, as amended; and

S. 3524. An act to give effect to the Convention on Great Lakes Fisheries signed at Washington September 10, 1954, and for other purposes.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

The PRESIDING OFFICER (Mr. LAIRD in the chair). The question is on agreeing to the amendments offered by the Senator from South Carolina [Mr. JOHNSTON]. Is there objection to the consideration of the amendments en bloc?

Mr. CARLSON. I shall not have any objection to the consideration of the amendments en bloc, but I should like to inquire of the chairman of the committee whether he would have any objection to having a quorum call first.

Mr. JOHNSTON of South Carolina. I should be glad to have a quorum call.

Mr. CARLSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CARLSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BIBLE in the chair). Without objection, it is so ordered.

The Chair would ask if there is any objection to considering en bloc the various amendments under the letter "A" offered by the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, there is a perfecting amendment which I should like to offer, which can be amended. The same is true with regard to another amendment which I am offering, which is identified as "B." I should like to have it understood that the bill can be amended in any way regardless of the adoption of the amendments.

The PRESIDING OFFICER. Is it the desire of the Senator from South Carolina that these amendments included under "A" be considered en bloc?

Mr. JOHNSTON of South Carolina. Yes, Mr. President.

The PRESIDING OFFICER. Then they will be open to amendment as original text?

Mr. JOHNSTON of South Carolina. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina that the amendments incorporated under "A" be considered en bloc? The Chair hears none. The question is on agreeing to the amendments incorporated under the letter "A" which have been offered by the Senator from South Carolina.

The amendments were agreed to en bloc.

Mr. JOHNSTON of South Carolina. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina.

The LEGISLATIVE CLERK. It is proposed, on page 65, beginning with line 24, to strike out all through line 15 on page 66 and insert in lieu thereof the following:

(d) If an employee dies after completing 5 years of civilian service or a Member dies after completing 5 years of Member service, or an employee or a Member dies after having retired under any provision of the act, and is survived by a wife or by a husband who is incapable of self-support by reason of mental or physical disability and who received more than one-half of his support from such employee or Member, each surviving child shall be paid an annuity equal to the smallest of (1) 40 percent of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 percent of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attain-

ing age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the wife or dependent husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, dependent husband, or child had not survived the employee or Member.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the amendment of the committee.

Mr. JOHNSTON of South Carolina. Mr. President, from the amendment, it will be noted that a provision is being placed in the bill which will reduce the amount to \$600 a child, or a maximum of \$1,800, to be divided by the number of children affected, if such employee or Member is not survived by a wife. The amendment reads:

If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 percent of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children.

In other words, more will be paid if the children have no mother or father to look after them; but the amount is limited all the way through.

It will be noted that the amendment places a limitation in case there are several children, because it should not be possible for them to draw more than perhaps their father was drawing as his annuity. The amount would be limited all the way through.

Mr. President, I ask unanimous consent that a statement I have prepared concerning the amendment be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSTON OF SOUTH CAROLINA

The proposed amendment establishes a threefold ceiling on the amount of annual benefits which may be paid to surviving children.

First. The amount to any one child may not exceed \$600.

Second. The total benefit to 1 or more children may not exceed 40 percent of the deceased employees' average salary.

Third. The total may not exceed \$1,800, irrespective of the fact that 40 percent of the deceased employee's salary might be in excess of such an amount.

The above limitations apply in the case of surviving children with one parent still living. In the case of children with neither parent living, the ceilings are approximately 20 percent higher.

In no event could total family benefits (widow plus children) exceed 80 percent of a deceased employee's average salary. The earned annuity of an employee cannot exceed 80 percent of his average salary. In the event of his death, his widow receives 50 percent of his earned annuity, thus in no case could her benefits be in excess of 40 percent of the employee's average salary, which, together with the 40-percent limit on benefits to children, would make a total not in excess of 80 percent. It should be appreciated that it would take a combination of (1) long years of service on the part of the deceased employee, and (2) a large number of surviving children for the total family survivorship

benefits to even approach the 80-percent figure.

Also submitted is a second amendment to S. 2875 which I request be printed and lie on the table. The latter amendment is of a perfecting nature to correct typographical, grammatical, and other errors of a like nature.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KNOWLAND. As I understand, the bill as reported by the committee provided \$600 for each child without a limitation on the number of children. Assuming an extreme case, if there were 10 children, the amount payable might have been \$6,000, even though the father had been drawing \$4,000 during his lifetime.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. KNOWLAND. The amendment would set an over-all limit of \$1,800.

Mr. JOHNSTON of South Carolina. It would; or the amount might be even lower than that. In the case of some salaries, the amount would be limited to 40 percent of what the employee was drawing.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. I concur in the amendment offered by the distinguished chairman. I think it strengthens the bill, and places a limitation on an item which I think probably should have been done earlier.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment to the amendment was agreed to.

Mr. CARLSON. Mr. President, I do not want the opportunity to pass without expressing my commendation of the chairman of the committee for staying with this problem and reporting the bill to the Senate. A large amount of work is always entailed in preparing bills affecting the civil service retirement system and Federal workers. I commend the distinguished chairman for his statement and his explanation of the bill.

When the committee unanimously reported the bill, I made a reservation that should I find some provision of the bill which if stricken might improve the bill, or which might be improved by a modification, I would exercise my right to oppose it. The chairman, of course, understands that that is the privilege of any Senator. I reserved my right because I was concerned about 2 or 3 provisions which I had not had an opportunity to study completely and did not want to impede the legislative processes on the bill.

The hearings on the bill were conducted by a subcommittee composed of the Senator from North Carolina [Mr. SCOTT], the Senator from Oregon [Mr. NEUBERGER], and the Senator from New Jersey [Mr. CASE], the Senator from North Dakota [Mr. LANGER], and the

Senator from West Virginia [Mr. LAIRD]. The hearings were extensive, and the committee heard many witnesses representing the employees and the departments. I commend the subcommittee for the work which it did in reporting the bill.

Mr. President, in addition to what I have said about the chairman of the committee, I commend the other members of the committee for their diligent work on the bill.

The initial Civil Service Retirement Act, passed in 1920, developed a strong staff retirement system for Federal employees—a system that was established long before recognition of the necessity for pension plans by many private employers. This advancement stood for many years. However, in the past 20 years a remarkable growth and improvement in private pension plans has developed. In 1935 there were but about 1,000 private pension plans covering some 2 million workers. In 1955, in contrast, there were about 20,000 covering 13 million workers. These workers are covered by old-age and survivors benefit insurance and supplemented by their own private pension plans.

The last major amendment to the 1920 act was made in the 80th Congress of 1948, where it was recognized that the need for survivors benefits to widows and children of employees was a must. S. 2875, which we are considering today, vitally extends these benefits. This bill, as reported here, is twofold in its scope. First, it reaffirms the principles such as in the 83d Congress when we passed the so-called fringe-benefits bill, establishing that Government employees should be on a par with those employees in private industry when dealing with fringe benefits. Secondly, the bill contains a policy wherein the enhanced and extended benefits hereunder are strictly dependent upon the Government to meet their burden on an annual basis, paid into the fund by appropriations to each agency. Any deviation from this proposed policy on the part of future Congresses will cause and accelerate a weakening in the civil service retirement system and bring about a destruction of our now sound staff retirement system, and the future recipients of the benefits of this bill will have little to look forward to but disillusionment and breach of promise on the part of their Government.

The action here today on the proposed legislation cannot be taken lightly. It directly affects some 2 million Federal employees—and, indirectly, some 5 million persons, taking into account their families and dependents, all relying upon the potential benefits to come. It is, and should be, a fixed cost to the employee and to the Government. The bill will increase the cost of retirement benefits some \$466 million a year.

One of the major problems of our staff retirement plan is that none of its benefits accrue to the majority of the Federal employees who are in Federal service for only brief periods and then leave. At the end of 1955 some 250,000 employees were drawing benefits from this system, while our turn-over in employees was

about 500,000 a year. To these people moving in and out of the Government retirement and survivor protection is inadequate. This has been partly—but only partly—alleviated in allowing the optional transfer of credits from retirement to social security in certain cases under S. 2875. This, in my opinion, is a totally inadequate solution. The standard industrial practice of covering employees under social security and supplementing those benefits by a staff retirement plan, does a far better job for short-term employees.

This Congress is at present considering amendments and changes in the social-security benefits for our Nation's senior citizens. This Congress must also be aware of the 250,000 employee annuitants across this great land of ours with an average monthly annuity of about \$120. And of these, more than 25 percent were retired for disability. Survivor annuitants number close to 75,000 with an average monthly annuity of about \$49. Nearly half of the employee annuitants get less than \$100 a month, and more than half of the survivor annuitants get less than \$50 a month. None of the benefits in S. 2875 will accrue to these folks. Their plight is not unlike other annuitants and should be given early consideration in this Congress. One of the provisions which I hope to see stricken from the bill is that section dealing with social security. I think it is a problem which should be dealt with by the Committee on Finance, because that committee deals with such problems.

Mr. President, early this year I introduced a bill, S. 3041, designed to carry out the recommendations of the Committee on Retirement Policy for Federal Personnel.

Congress created this committee in 1952, and directed it to study all retirement systems for all Federal personnel. The committee was headed by Mr. H. Eliot Kaplan, a recognized expert in the field, whose appointment was made by President Truman and continued by President Eisenhower. The ex officio members of the committee were the Secretary of the Treasury, the Secretary of Defense, the Chairman of the Board of Governors of the Federal Reserve System, the Director of the Bureau of the Budget, and the Chairman of the Civil Service Commission.

The Kaplan committee worked for nearly 2 years and spent \$217,000 making the studies and recommendations directed by the Congress. The great majority of its time was devoted to civil service retirement. The bill before the Senate today, S. 2875, largely bypasses this important work.

The committee found that the major Federal employee retirement problem existing today is a lack of coordination between the civil-service retirement system and the old-age and survivors insurance system. It recommended that social-security coverage be extended to employment subject to the Civil Service Retirement Act, with the civil-service retirement system modified to take into account that old-age and survivors' insurance benefits would be payable.

The committee agreed that a plan of coordination should meet these specifications:

1. Establish a rational relationship between retirement benefits and service for those whose work-lifetime may include employment in both the Federal service and private industry, taking into account the advantages to Federal employees by extending old-age and survivors' insurance coverage to Federal employment;
2. Maintain complete independence of the civil-service retirement system;
3. Assure continuance of the civil-service retirement system as the primary means of providing adequate protection for career employees, while placing some of the cost on the old-age and survivors' insurance system for providing coverage—particularly for those shifting between Federal and private employment;
4. Provide at least the present level of retirement benefits based on Federal employment;
5. Maintain the total employee contribution at approximately the present level;
6. Maintain simplicity of formula and administration.

S. 3041 would put into effect a plan of coordination meeting these specifications, and would achieve the following results:

First. Retirement benefits payable after age 65 would be increased.

Second. Survivor protection would be greatly improved.

Third. Continuous social security protection would be provided for the many thousands of employees who move between Government and private employment.

Fourth. Opportunities for unwarranted dual benefits, now available through accident or design because of lack of coordination, would be eliminated.

Fifth. Both Government and employee contributions could be somewhat reduced in the immediate future.

S. 2875 will not of course achieve these results. It proposes in section 12 a transfer of credit provision, whereby an employee leaving Federal service has the option of acquiring social security wage credits for his Federal employment. However, it does not make social security coverage available to employees under the Civil Service Retirement Act during their Federal employment. It does not prevent the dilution and loss of social security protection to the employee entering Government from private industry. Its optional feature would still allow windfall benefits in some cases, and in others would result in a choice detrimental to the best interests of the employee.

The Committee on Retirement Policy for Federal Personnel considered this approach and rejected it. The committee reported:

Methods of supplementation based on transfer of employment credits, rather than full old-age and survivors' insurance protection for Federal employees, would offer no advantages to career employees. Many serious inequities would continue to occur. Moreover, the adoption of a transfer-of-credit method would give rise to administrative complexities between the two systems and tend to infringe upon the independence of the civil service retirement system.

The Kaplan Committee also strongly recommended that the retirement system

be soundly financed. S. 2875 recognizes the need for sound financing by providing that employees shall support the system by a 7 percent contribution rate. S. 2875 further provides that Government agencies shall also contribute 7 percent. However, S. 2875 departs from the principles of sound financing by requiring a fixed 3½ percent interest rate on the retirement fund.

This is totally unrealistic. No present average interest rate on long-term Government securities is less than 3 percent. The difference represents a hidden and unwarranted subsidy. In my judgment, the Secretary of the Treasury should invest this fund in securities which will provide an interest income equal to that provided under long-term securities. This is on all fours with the recommendations of the Finance Committee regarding the investment of the social security trust fund.

Mr. President, I wish to offer an amendment which would provide for an average rate of interest. I submit an amendment to the committee amendment.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed in section 18, page 82, to strike out all of lines 16 through 25 and insert in lieu thereof the following:

(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of 5 years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such obligations shall be the multiple of one-eighth of 1 percent nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

Mr. CARLSON. Mr. President, the amendment, in simple language, not only authorizes, but directs, the Secretary of the Treasury to invest these funds in bonds that will provide an average interest rate.

The bill before the Senate provides for a 3½-percent rate. Previous to that time there was an average rate of 3 percent. Last year, 1955, the Government appropriation to the Civil Service fund was \$33,678,729.94. The interest

on the total investment was \$234,377,-235.52.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. JOHNSTON of South Carolina. Lest someone be misled by that last statement with regard to interest, I have been informed the interest had accumulated, and that in 1 year there had been the payment of accumulated interest at the rate of 3 percent. It will be noticed that the interest for the 3 years of 1952, 1953, and 1954, really amounted to more than it did in previous years, although the same amount of principal was involved. The Government was paying only 3 percent interest, whereas 4 percent interest had been paid prior to that. The reason for the large amount of interest is that it had accumulated over the years.

Mr. CARLSON. Mr. President, the statement of the chairman of the committee is correct, but regardless of what the reason was, there are Federal bonds that pay interest at the rate of 4 percent, 3½ percent, and 3 percent. I think it is good, sound business judgment to authorize and direct the Secretary of the Treasury to pay the average interest rates on bonds. I would say that with respect to several other funds which the Government has. When the social security bill comes from the committee, it will contain the same provision.

Mr. President, I think the amendment is a sound amendment, and I sincerely hope it will be adopted.

Mr. JOHNSTON of South Carolina. Mr. President, if the Senator will yield, I wish to say I also noticed the figure of \$117 million in dividends, representing the difference in yield between 3 and 3½ percent interest. I suppose these figures are from the Civil Service Commission. I do not know who arrived at the figure of \$117 million. It will be found that that figure should be only \$30 million, rather than \$117 million. Somebody calculated the figures incorrectly.

So far as I am concerned, I do not think the changing of the interest rate will make much difference. The whole retirement system is set up with the understanding that the Government will match the funds contributed by the employees. If that is to be done, and if we should run into trouble in years to come, I think the Government would have to come to the rescue of the fund.

The amendment refers only to the interest rate. An interest rate was fixed which was thought to be right and just. In the long run, it will not amount to much.

For that reason, Mr. President, I raise no objection to the Senator's amendment. The facts, as well as the conclusion which will eventually be reached in years to come, can readily be ascertained.

Mr. CARLSON. Mr. President, with me, this is a matter of sound government practice. I am not here trying to just save a dollar. I do not know that my amendment would. But the bill proposes to go in the back door, and have the Government pay a certain interest rate on investments.

Mr. JOHNSTON of South Carolina. Four percent interest was received until

1953. Then when everybody else's interest rates went up, the Government decreased its interest rates. It was felt that the interest rate should be put between the highest and lowest bidder.

Mr. KNOWLAND. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. KNOWLAND. I think the Senator's amendment is a sound one. I think it is a policy which should be followed in dealing with other funds where investments are made. The Government should pay the average rate.

Furthermore, while I agree with both the Senator from Kansas and the Senator from South Carolina that in dollars and cents this amendment will not save a single penny, I think it makes for a better fiscal policy, because it clearly lays before the Congress and the employees what the costs are, and if there is any amount to be made up, it will have to be from funds out of appropriations which will be made by the Congress, rather than by a hidden subsidy.

Mr. AIKEN. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. AIKEN. Unfortunately, I have not been able to devote the time and study to the bill that I should like to have, but in effect, will the interest rate proposed in the bill provide a subsidy? Is it possible it could provide an indirect subsidy to the retirement fund?

Mr. CARLSON. Well, it could only in this way: That the Federal Government would have to sell bonds at 3½ percent interest and place that in this fund.

Mr. AIKEN. I was wondering if it would have a tendency to increase the rate of interest generally. Would it press in that direction?

Mr. CARLSON. It could do that, but with the average interest rate provided, if interest rates are 3, 3½, and 4 percent, and they continue to go higher—they are high now; they may go higher—the fund would get the average interest rate. The Secretary of the Treasury is required to pay that, under the amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to answer the Senator's question on that point. Since the beginning the Government was paying 4 percent, but since the Government has lowered its interest rate to 3 percent all the way through, the Government has been paying much cheaper rates than private institutions are paying.

Mr. AIKEN. The other question which comes to my mind is this: If we utilize this indirect method of contributing to the retirement fund, would it possibly lead to efforts to use the same method in other fields?

Mr. CARLSON. We are using it in some other fields, but I sincerely hope we can return to the average interest rates for all the funds.

Mr. AIKEN. Then the bill as written does not establish a precedent, does it?

Mr. CARLSON. No; I think not.

Mr. AIKEN. In other words, it does not establish a precedent by giving an indirect subsidy through the rate of interest paid?

Mr. JOHNSTON of South Carolina. As I see it, the bill does not provide a

subsidy. The Government needs money for this program, and the Government borrows some of the money, and pays a rate of interest somewhere in keeping with the rate of interest which must be paid in ordinary commercial transactions.

Mr. AIKEN. Yes. I am simply finding out now what I would have discovered long ago if I had had an opportunity to do so. But I have been rather busy with other legislation.

Mr. CURTIS. Mr. President, will the distinguished Senator yield to me?

Mr. CARLSON. I yield.

Mr. CURTIS. The Senator is to be complimented upon his amendment. If it develops that the average rate of interest rises to 3½ percent, then the language in the bill as now written is not necessary; but if the rate of interest does not rise that high, then we not only have a hidden subsidy, but we are in the position of not giving all the information about the true cost of the program. Sometimes we think of the retirement programs in the light of the persons who already have retired or in the light of those who are about to retire. But the employees who will continue to work for the Government for 20, 30, or more years, pay these heavy contributions; and the public in general, particularly the taxpaying public that must pay the Government's part of the program, certainly is entitled to have the simplest and clearest statement possible regarding the cost of the program. But that is not obtained when hidden devices are used.

Mr. CARLSON. That is correct.

Mr. NEUBERGER. Mr. President, I should like to ask a question of the Senator from Kansas.

Mr. CARLSON. I yield.

Mr. NEUBERGER. On page 3 of the report I notice the following two sentences:

During the first 30 years of the program, moneys in the fund were invested in securities of the United States, bearing interest at the rate of 4 percent per annum. In 1953, the interest rate was reduced by action of the Secretary of the Treasury to 3 percent per annum.

Is that statement in the report absolutely correct?

Mr. CARLSON. I think it is correct.

Mr. NEUBERGER. However, was not that at a time when the interest rate in other fields was actually rising?

Mr. CARLSON. I am not certain about that. But originally we had in this program many 4 percent interest-bearing bonds, and today we have them in the Veterans' Administration. Many of them are short-term bonds, which pay 4 percent at the present time. So it is not unusual.

My point is that if we are getting into this fund some short-term bonds at 4 percent and some of the regular ones at 2⅞ percent, the average will be 3 or 3½ percent.

Mr. NEUBERGER. My point is—if my understanding is correct—that when the interest rate on the retirement funds was reduced, the interest rates elsewhere were rising substantially.

Mr. CARLSON. That may be correct. We are told that at the present time we

have \$6,984,496,000 in the fund. But I think it well to call attention to the fact that on page 38 of the hearings we find the following statement by Mr. Lawton, a member of the Civil Service Commission—and I think it well that the employees and the Congress know about it:

Mr. LAWTON. There is currently an unfunded deficiency of \$13,400 million as of July 1, 1955.

In other words, we have that accrued liability, which I think we must keep in mind when we are dealing with this problem.

Mr. NEUBERGER. I should like to ask a question on that point. This is a technical matter; and as a layman, I certainly am not as familiar with it as I should like to be. But with that deficiency, to which Mr. Lawton referred in the hearing—and, being on the subcommittee, I recall his testimony—would it have existed if the Government's contributions over the years had matched the employees' contributions?

Mr. CARLSON. I think it would have, for the reason that once a program is begun, a great number of persons are taken under the program, and it is necessary to make a number of payments immediately. So a funded obligation is created. That was done in the case of the social-security program. It takes some years to get the program on a sound basis.

I think it would have been impossible to have had both the Government and the employees contribute at rates sufficient to have cared for the needs of the program. I do not say the program is unsound. But it does constitute an obligation on the part of the Government. We must take care of the obligation; there is no question about that.

Mr. NEUBERGER. Is it not true that after the present administration came into office in the fiscal year ending June 30, 1953, the Government's contribution to the fund was greatly diminished—to about 10 percent of what it had been in the previous fiscal year?

Mr. CARLSON. That is correct. In 1954, the Government contributed \$35,303,259 and some cents. In 1955, the Government contributed more than \$33 million.

Mr. NEUBERGER. But in the fiscal year ending June 30, 1953, the Government's contribution had been approximately \$325,304,000, or nearly 10 times the amount the Government contributed during the fiscal year 1954; is not that correct?

Mr. CARLSON. The Senator from Oregon is absolutely correct.

I am not a member of the Appropriations Committee, but I am advised that at that time Congress created the Kaplan committee and appropriated funds for that committee to use in studying the entire civil-service program. For that reason, Congress waited to see how much additional money would be needed.

Mr. NEUBERGER. Inasmuch as the distinguished Senator has mentioned the obligation in connection with the fund, or the so-called indebtedness, to which Mr. Lawton referred when he appeared before the committee, I think

it well to point out that the Government's contribution to the fund dropped extremely sharply after the present administration took office; and that could be said to be something of a factor in the case of the existing obligation.

Mr. CARLSON. That is correct. However, even if the Government had been contributing the amount contributed 2 or 3 years before, there would still have been a very substantial indebtedness because the Government has failed to meet its annual obligation since the 1930's.

Mr. JOHNSTON of South Carolina. Mr. President, is it not also true that during the past few years the Government has failed to match the employees' contributions in the way it did in the previous years, and that during the last 3 years it has been over \$1 billion behind in matching the employees' contributions to this fund? If the Government had matched the employees' payments, there would be in the fund at the present time \$1 billion or more—money on which we are now paying interest.

Mr. CARLSON. That is correct, in that during the last 3 years the contributions by the Government have not been substantial. The result has been, of course, to add to the funded indebtedness. But even prior to that time, the payments have always been behind, as is shown by the table based on the contributions by the Government and the contributions by the employees. Using your computation, the fund was \$12,400,000,000 in arrears prior to 1952.

Mr. JOHNSTON of South Carolina. I grant that is true. In most years we have been rather close to paying the Government's share. But over the term of years we find that the employees' contribution, as is shown in the table on page 7681 of the CONGRESSIONAL RECORD, has totaled \$4,989,927,747.20. If we compare the figures, we find that the Government appropriations were approximately \$1,500,000,000 behind, so far as matching was concerned. The Government appropriated \$3,396,298,559.57. It will be noticed that the difference is more than \$1,500,000,000.

Mr. NEUBERGER. Mr. President, if the Senator will yield further, to supplement what the distinguished chairman of the committee has pointed out, during the late 1930's, and prior to the outbreak of the World War II defense emergency and our participation in World War II, the administration then in office made an effort to catch up by actually contributing as the Government's share a substantial contribution each year greater than the employees' share.

For example, in the fiscal year 1936 the Government contributed \$40 million, as compared with an employee contribution of \$32 million.

In the fiscal year 1937, the Government contributed \$46 million, as compared with an employee contribution of \$34 million.

In the fiscal year 1938, the Government contributed \$73 million, as compared with an employee contribution of \$37 million. The Government's contribution was twice that of the employees. In the fiscal year 1939, the Government contrib-

uted \$75 million, as compared with \$39 million for the employees.

In the fiscal year 1940, the Government's contribution was \$87 million, as contrasted with \$42 million for the employees, or more than twice as much.

Even in the fiscal year 1941, the Government's contribution was \$91 million, as compared with \$55 million for the employees.

In the fiscal year 1942, the Government's contribution was \$101 million, compared with \$86 million for the employees. Then, when we were in full-scale participation in World War II, with the necessarily heavy expenditures for our military equipment and operations in that great emergency, the Government did fall behind. The Government's contribution was \$106 million, as contrasted with \$226 million for the employees in 1943; but it is well to emphasize that before World War II was in full combat, the Government was making a conscientious effort to do more than catch up. I think it is wise and pertinent for the RECORD to show that fact.

Mr. CARLSON. I suggest that the table to which the Senator has referred be made a part of the RECORD.

Mr. JOHNSTON of South Carolina. It is already in the RECORD, at page 7681. It was made a part of my opening remarks.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from Oregon.

Mr. MORSE. I wish to accommodate myself to the pleasure of the Senator from Kansas. I have a few questions on the bill which I wish to ask both the Senator from Kansas and the Senator from South Carolina. Does the Senator think this is an appropriate time?

Mr. CARLSON. I have no objection. The Senator from Oregon may ask his questions at this time. I am glad to yield for that purpose at any time.

Mr. MORSE. I wish to express my appreciation to both the Senator from Kansas and the Senator from South Carolina. The Senator from Kansas is the ranking minority member of the committee, and the Senator from South Carolina is chairman of the committee. I wish to express my appreciation for what I think is a remarkably fine job which the committee has done on Senate bill 2785, even though there may be within the committee—as these amendments show—some difference of opinion still. But certainly there is no difference of opinion with respect to the objectives of this very much needed piece of legislation. I congratulate both Senators for the fine service they have rendered the Senate by their work in the committee.

My questions are directed to the subject of the retired employee. Am I correct in my understanding that Senate bill 2875 is limited in its provisions to so-called active employees, that is, those now on the Federal payroll, and who at the present time are contributing to the retirement fund?

Mr. CARLSON. Senate bill 2875 makes no provision for increasing the annuities of our retired annuitants. There is pending in the committee, two

bills which will increase retired employees annuities.

The junior Senator from Kansas has introduced a bill, S. 3731, with Senator JENNER and Senator MARTIN of Iowa. The subject has been discussed in committee, with a view to holding hearings. However, the pending bill does not provide any increase for retired annuitants.

Mr. MORSE. I will come to the two bills which the Senator has mentioned in just a moment. I wished to make a little legislative history, if the Senator will permit. As the Senator has pointed out, the pending bill relates to the so-called active employees. Does the pending bill contain provisions in respect to the widows of active employees?

Mr. CARLSON. Senate bill 2875 does not provide any compensation or benefits in the way of retirement benefits, to widows or retired annuitants. They would have to be taken care of in additional or new legislation.

Mr. MORSE. However, the bill does make provision for active employees.

Mr. CARLSON. Yes.

Mr. MORSE. The Senator has referred to two bills pending before the committee. One is the Carlson bill, Senate 3731, and the other is the Neuberger bill, cosponsored by the chairman of the committee and a group of other Senators. It is Senate bill 3725. These two bills seek to do economic justice to the retired Federal employees, that is, those already on retirement.

The Carlson bill has two provisions in it which distinguish it from the Neuberger bill, as I understand. First, the Carlson bill proposes to have the retired employees receive increased benefits, according to the provisions of the bill, out of the existing retirement fund.

It also provides a special section for benefiting the widows of presently retired employees. On the other hand, the Neuberger bill has no provision as to the widows, and it provides that the increased benefits to the retired employees shall come by way of a special appropriation by the Congress, to be added to the present retirement fund.

Does the Senator from Kansas share my view as to the differences between the various bills?

Mr. CARLSON. The Senator is correct. My bill also includes annuities for those widows whose husbands died prior to 1948. There are not too many in this group.

Mr. MORSE. Am I correct in my understanding that the consensus of opinion within the committee is that no attempt should be made at this time, in connection with our consideration of Senate bill 2875, to amend it so as to seek to increase benefits to the retired employees; but rather that the opinion of the committee is that we should try to accomplish that purpose by a separate piece of legislation?

Mr. CARLSON. The Senator from Oregon is correct. The subject was discussed in committee. We felt that it was in the interest of all concerned—both the retired annuitants and present civil-service employees—to keep the bills separate, and to try to enact the pending bill first. There was discussion in the committee to the effect that we should try to

obtain hearings on the subject at an early date.

Mr. MORSE. On that point I should like the attention of the chairman of the committee.

The Senator from Kansas has stated that it is his understanding that it is the present intention of the committee to hold early hearings on the two bills to which reference has been made, the Neuberger bill and the Carlson bill, Senate bill 3725 and Senate bill 3731. Can the Senator from South Carolina state to me whether or not it is contemplated that at an early date hearings will be held on those two bills?

Mr. JOHNSTON of South Carolina. We intend to hold hearings on them as soon as possible. The committee thought it was advisable not to include such provisions in the pending bill, but to hold hearings on that particular phase of the subject.

Mr. MORSE. Mr. President, I may say to the chairman and to the ranking minority member of the committee that I appreciate very much the assurance they have given, because I believe we should have hearings forthwith, and I believe we should have legislation in form for action at this session of Congress. I say that because I believe a great number of the retired employees will get the impression that we have failed to do justice to them unless we supplement the bill we are passing today with a bill that will do economic justice to those retired employees. As Senators know, we are apparently confronted here with a conflict between the active employees and retired employees as to how any increased benefits are to be paid. The active employee representatives with whom I have discussed the subject say they are glad to have benefits going to the retired employees, but they do not want the benefits to come out of the existing fund.

The retired employees say "We started the fund in the first place, and we put into the fund a dollar that was worth much more than the dollar that is going into the fund today. The dollar today is a depreciated dollar, and we think we have an equity in that fund and are justified in asking that the amount of the retirement be increased in order to offset the depreciation in the dollar that we put into the fund when the fund was first set up."

We in the Senate are in the middle between the two conflicting groups of employees. That is no new experience for us. I believe the only question we must answer is, "What is justice for the retired employees?"

I wish to say to the active employees today that if the hearings before the committee on the two bills we have discussed today show that the fund is sufficiently sound financially to take care of additional benefits to the retired employees, I believe in the interest of fair play, they are entitled to some additional benefits. If, on the other hand, the evidence adduced before the committee shows that an additional appropriation needs to be added to the retirement fund, let us do it that way.

I am not committed irrevocably to the bill of which I am a cosponsor, if it can be improved. I certainly wish to say

that I think there should be added to S. 3725 a new section on widow benefits corresponding to the provision that the Senator from Kansas [Mr. CARLSON] has in his bill. I believe it is a very sound provision. We might find, when all the evidence is in, that we will need to work out a new committee bill that represents a sort of halfway point between the Carlson and the Neuberger bills, in that some additional payments can be taken out of the retirement fund and, in return, the retirement fund can be supplemented with some additional appropriations.

However, I do not believe we should let any difference of opinion between these two groups of employees cause us to fail to bring out a sound retirement program for civil-service employees. We must not fail to do justice to those employees. I should like to see a civil-service retirement bill passed at this session of Congress which will benefit all retired employees.

I believe we find ourselves somewhat in the position of where we were with respect to the railroad retirement bill last year, when we found different brotherhoods holding different points of view in regard to railroad retirement legislation. At that time I said to the groups, "If you cannot get together, I will make a decision for myself, and what I will do will be based on evidence that you put in before the committee." That is what we did. Although the legislation that was passed was not completely satisfactory to either group, it was in the public interest.

All I plead for today is that we hold early hearings on this subject and that we get a bill before the Senate which will be judged on the basis of whether it is in the public interest, in trying to get for retired employees some additional benefits, including benefits for their widows. That should be done at this session of Congress. I say that because when we get through with S. 2875 today, we will have a bill which will do justice to the widows of the active employees. We have a large group of retired employees—I think there are about 250,000—the great majority of whom are in their seventies and eighties. There are also a large number of widows. As to these people I believe that we have not fulfilled our social responsibilities as a Congress.

I happen to believe that this great Government of ours is big enough and strong enough financially to do justice to the people all over the country who have served us as public servants, as these retired employees have served us.

If we were to take this problem to the taxpayers of the country and present it to them, I am sure they would say, "What are you waiting for? Of course, we believe justice ought to be done to these employees. We believe that reasonable annuities ought to be paid to them on the basis of the value of the dollar today, and we certainly think that legislation ought to be passed containing the section in the Carlson bill benefiting widows."

I wished to make this statement today because I know there is a great deal of interest in the subject among our re-

tired employees. I believe they are entitled to an explanation as to why we are not including in S. 2875 any benefits for retired employees.

I believe they will appreciate the fact that they have the statement of the Senator from Kansas [Mr. CARLSON] and the Senator from South Carolina [Mr. JOHNSTON], whose word is always their bond, that hearings will be held and that the committee at a very early date will do its best to report a bill to the floor of the Senate.

Mr. CARLSON. Mr. President, the Senator from Oregon has expressed views on this subject on the floor of the Senate which he has also personally expressed to me on several occasions. Those are the views with respect to what we should do for retired annuitants and the benefits that ought to be paid to widows. There are about 250,000 retired annuitants and 75,000 survivor annuitants on the rolls at the present time. From the studies I made before I introduced my bill, particularly of private pension funds—and I could mention several of them—I felt that it was sound to include these widows, and that based on the contributions made by the people who started the fund, they were entitled to consideration.

Mr. NEUBERGER. Mr. President, the senior Senator from Oregon—and of course I share his views—and the Senator from Kansas agree that something is needed to be done for employees who are presently in a retirement status.

It is my understanding—and I have talked this matter over with the staff of the Committee on Post Office and Civil Service—that the Civil Service Commission has been asked for its opinion on both the so-called Carlson bill and the so-called Neuberger bill, and that relatively soon the committee will have the benefit of that information from the Civil Service Commission, without which neither bill could be considered intelligently, because we would not have the actuarial facts which are necessary to consider with respect to retired employees and present employees. Inasmuch as the Senator from South Carolina, the distinguished chairman of the committee, has stated we will have hearings when the committee gets that information, I do not believe there is any doubt at all that hearings will be held on those bills.

Does not the Senator from Kansas agree with me?

Mr. CARLSON. I agree with the Senator from Oregon, and I, too, wish to congratulate the Senator from South Carolina for the way he conducted the hearings on S. 2875. He did a fine job.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. LANGER. I wish to call attention to the fact that in 1947, in the Langer-Chavez bill, there was a provision which was the same as the one that has been discussed today by the senior Senator from Oregon and other Senators. When the bill came to the floor of the Senate, it met with the opposition of the then Republican leader. We lost by 3 votes. At that time we had the same promise that has been given today, that we

would have hearings on the matter to take care of the widows. We were told that we would have hearings on that subject in a short time. We met in committee and reported a bill, but we could not get it through the Senate. It was objected to on the call of the calendar, and we could not get it passed in the Senate.

I agree with the Senator from Oregon that we should have early hearings on the bills, and I hope that the Senator from Kansas and the Senator from South Carolina, working together, will assure us of hearings on the bills.

Mr. CARLSON. The Senator from North Dakota is a member of the Committee on Post Office and Civil Service, and I am sure he will not let the chairman of the committee or the ranking minority member of the committee forget the statements made on the floor of the Senate.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. SPARKMAN. I wish to commend the able Senator from Kansas and other members of the committee, including, of course, the very able chairman, the distinguished Senator from South Carolina [Mr. JOHNSTON], not only for bringing forth the pending bill, but also for the thorough consideration they have given to the problem that has been raised by the distinguished Senator from Oregon [Mr. MORSE] and other Senators, with respect to retired employees. It is always a problem when we try to adjust the benefits of active personnel and try to include in the adjustment a provision to take care of retired employees.

I am delighted to have the assurance which has been given by the distinguished Senator from Kansas that the subject is being given active consideration, and that it is likely that some action will be taken during this session of the Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CARLSON. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Kansas.

The LEGISLATIVE CLERK. It is proposed to strike out all of section 12, pages 69 to 74, and renumber the subsequent sections 13, 14, 15, 16, 17, 18, and 19 to read 12, 13, 14, 15, 16, 17, and 18, respectively.

Mr. CARLSON. Mr. President, what this amendment does is to strike from the bill the section which deals with social security, and in a certain way combines civil service retirement legislation and social security. It is my contention that this is a matter which should go to the Finance Committee, and I believe it should be considered by the committee in view of the fact that we dealt with that problem. I could go into detail, but I would hope that the chairman of the Committee on Post Of-

fice and Civil Service would accept the amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I shall not object to the amendment offered by the Senator from Kansas, but I think the amendment now at the desk is improperly drawn. I think this section of the bill should be referred to the Finance Committee for consideration.

I offer an amendment as a substitute for the amendment offered by the Senator from Kansas, which I believe will accomplish the same object.

Mr. CARLSON. Mr. President, I shall have no objection to the Senator's amendment, provided it does accomplish the same objective which I have in mind.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina as a substitute for the amendment offered by the Senator from Kansas.

The LEGISLATIVE CLERK. On page 66, line 18, beginning with the word "before," it is proposed to strike out down through the period in line 22 and insert in lieu thereof the following: "after he has completed 5 but less than 20 years of service, and any Member who is separated after he has completed 5 but less than 20 years of Member service, shall upon application therefor be paid the lump-sum credit. Any employee who is separated or transferred to a position not within the purview of this act before he has completed 5 years' service, and any Member who is separated before he has completed 5 years of Member service, shall be paid the lump-sum credit."

On page 69, beginning with line 4, strike out through line 12 on page 74.

Renumber sections 13 to 19, inclusive, as 12 to 18, respectively.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina as a substitute for the amendment offered by the Senator from Kansas to the amendment of the committee.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from South Carolina as a substitute for the amendment offered by the Senator from Kansas.

The amendment in the nature of a substitute was agreed to.

Mr. CARLSON. Mr. President, I offer an amendment to the committee amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out all of section 12, pages 69 to 74, and renumber the subsequent sections 13, 14, 15, 16, 17, 18, and 19, to read 12, 13, 14, 15, 16, 17, and 18, respectively.

Mr. CARLSON. Mr. President, the amendment deletes the section of the bill which provides for optional retirement before the age of 60.

The present civil-service law permits an employee with at least 30 years of service to retire between age 55 and age 60. The annuity computed on his salary and service is reduced by one-fourth of 1 percent for each month he is under age 60.

Senate bill 2875 changes the law by permitting a 30-year employee to retire at any age with the annuity reduced by one-twelfth of 1 percent for each of the first 30 months under age 60; by one-eighth of 1 percent for each of the next 30 months; and by one-sixth of 1 percent for each additional month.

The amendment would encourage a Federal worker who had worked 30 years to retire regardless of his age. In other words, if a person were employed as a messenger at the age of 18, he could retire with these benefits at the age of 48. I do not see how that can be justified, in view of the situation as we deal with persons who are covered under social security. Seventy million persons are affected by social security.

It seems to me that the adoption of the amendment would accomplish 2 or 3 things. Without an age requirement for optional retirement, the Government would lose the services of many of its most efficient employees who are in the prime of life. The provision would be most attractive to those capable employees desiring to seek a new career, with annuity supplementing salary rather than being retirement income.

I can readily understand that many of our fine employees who have served 30 years and are experts in their fields would be encouraged to leave to obtain added salary outside the Government service. But when they do so, I do not think they should be allowed to draw retirement pay, even though they have served 30 years and would be far below the age of 60. I think we shall be setting a precedent which should not be established.

The present reduction in annuity payable after optional retirement or voluntary separation before age 60 is quite generous. The reduction is already less than half that required on an actuarial basis by the law in effect from 1942 to 1948.

Another point is that lower reductions make early retirement more attractive, and thus result in the Government's loss of more employees at the peak of their usefulness. Optional retirements below age 60 have tripled—and this is worth noting, Mr. President—since the reduction was liberalized in 1948, and the further liberalization proposed by S. 2875 could be expected to produce a further increase.

Another, while earlier optional retirement with lower annuity reductions would be very attractive from an employee viewpoint, the Government as the employer could not expect to derive any benefit which would justify the added cost of the liberalization.

I expect to be on the Senate floor when the social security bill is discussed

during the next 2 or 3 weeks. It will be rather difficult for me at that time to speak about the reduction in the retirement age of women to 62, on the theory that the present trend in private industry is toward longer employment. I wish to protect myself in this position today on this bill.

I sincerely hope the amendment will be agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I shall certainly have to oppose the amendment offered by the Senator from Kansas. I have not found a single Government employee who does not approve the bill in this particular form, so far as the feature relating to retirement after 30 years of service is concerned.

I call attention to the fact that at present Government employees may retire at the age of 55 after 25 years of service.

The amendment offered by the Senator from Kansas would eliminate from the bill the provision which would permit optional retirement at any age after the completion of 30 years of service, subject to a reduction in the earned annuity by a percentage for each month the employee was under the age of 60 at the time of his retirement. He would not receive as much if he were younger. If he retired at the age of 48, there would be deducted from his annuity 20½ percent of what he would have received, in order to pay his annuity.

The present law, as I said a few minutes ago, permits optional retirement at the age of 55 after the completion of 30 years' service.

The bill eliminates the age requirement and permits optional retirement after 30 years' service at any age. So it will be noted that between age 55 and whatever age the employee might be younger than that, if he started at the age of 18 and worked 30 years, the important period would be between the age of 48 and the age of 55.

If an employee retired at the age of 48, his annuity would be reduced for every year he was under 60 years of age. This means he would receive a smaller annuity.

Optional retirement after the completion of 30 years' service is a feature completely endorsed by all employee organizations. No other provision of the bill has been so long sought and earnestly desired. Certainly all employees who complete 30 years of service before age 60 will not retire. There will be only a certain percentage who will retire. If an employee wants to earn more money and build up his retirement fund, he will continue to work. This is proved by the fact that a great majority of employees having 30 years of service, and who have attained the age of 60, do not retire then.

The provision is sought by employees more as an insurance feature than as a provision to be taken advantage of when the requirements have been met. Employees are particularly anxious for its adoption at this time because of their fear of replacement due to automation or for other reasons.

I urge the Senate to retain this feature in the bill. The reduction in annuity

will last for the remainder of the employee's life. Let us remember that. If he draws a reduced annuity, he will draw it even after reaching the age of 60. The amount will not be restored when he reaches the age of 60.

The provision of the bill merely gives employees the right to retire after they have served 30 years. The Army allows all of its personnel to retire with full benefits after 30 years' service. If they retire after 20 years' service, they draw a smaller annuity.

The same is true of a great many employees in the Foreign Service. They can retire on a reduced annuity after having served much less than 30 years.

I believe the provision in the bill will be very beneficial and will help to protect persons who might be laid off, so to speak, through no fault of their own, because they can then begin to draw their annuity. In many instances, if they have served the Government for 30 years, it would be hard for them to obtain new employment in civilian life.

It is surprising to reflect on the number of people with 30 years of service who have been laid off.

So I urge the Senate to vote down the amendment.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered.

Mr. KNOWLAND and Mr. CURTIS addressed the Chair.

Mr. KNOWLAND. Mr. President, I was going to suggest the absence of a quorum, but I shall withhold that request temporarily and yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I wish to speak in favor of the Carlson amendment. I think it is quite important that we keep in mind what is the purpose of a retirement system. I believe that it means just what it says—retirement. Now, we are not talking about the disabled. There is a provision pertaining to persons retiring from the civil service because of disability. We are talking about able-bodied persons, those who are physically and mentally equipped to carry on.

We need only take the hypothetical case of someone who is 18 years of age to illustrate what would happen under this provision as written into the bill. If someone should enter the Government service at 22 years of age, he would, under the terms of the provision in the bill, draw retirement benefits at age 52.

Mr. President, we are not rendering a service to anyone by contending that people should retire at age 52. Somehow, we have more or less arbitrarily fixed the retirement age at 65. Actually, since that age has been fixed, through advances in medicine, diet, and other factors, the life span has increased. The average retirement age under social security is 69 years.

If we write a principle into the civil-service retirement law that persons aged 48, 49, 50, 52, 55, and 58 can retire, we are certainly abusing the concept of a retirement system because of age.

I seriously doubt if we would be doing the individual involved a favor. Life is

built upon activity and work and the rendering of service, and all about us we know of those persons who have lost so much when they have ceased to do those things.

Again I remind you, Mr. President, that there is a provision under which the disabled may retire. To extend the principle to able-bodied civil-service workers cannot be done on the ground that it has already been done for our military personnel. We have always held our armed forces to be in a different category—a hazardous service, a service that takes people away from home, a service that involves risk, and many other things.

As the Senator from Kansas has said, what is proposed would be an invitation to individuals in the prime of life to leave the Government service, begin a new career, which may last for 20, 25, or more years, and all the time receive a benefit under the Civil-Service Retirement Law.

Certainly, even if the retirement age were reduced, that would not be retirement. It would become added pay or a bonus for service. We should fix the standards of pay so that the laborer will be worthy of his hire, and do that directly.

Furthermore, Mr. President, in the whole field of retirement benefits, it is not so much a question of how much an individual draws in the way of pay, as what his compensation will buy. If we continue in the field of increasing benefits, we add to the deductions from payroll, we add to the burden of the general taxpayer, and we continue to promote inflation. If the bill S. 2875 becomes law, we shall have a civil service retirement program which the actuaries in the Civil Service Commission estimate will cost 20.62 percent of payroll. In other words, if this bill should become law, and we should pay the whole bill, actuarially Government employees would have to have a deduction of 10.3 percent from their pay checks, and the Federal Treasury would have to make a like contribution.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. CURTIS. I shall yield in just a moment.

This item is one of the expensive items in the bill. It is estimated that it will cost \$51 million. And that does not settle it. It will cost \$51 million year after year. And I do not believe that we can do justice to the workers or to the public or to the taxpayers by taking such an irresponsible attitude toward the retirement law.

Now I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I wish to keep the record straight. The Commission has stated that if the bill passes in the form in which it was introduced and offered to the Senate, it will cost only \$10 million the first year. Then the cost will increase for 5 years thereafter, and the cost will go up to \$60 million. In 10 years the amount will become \$150 million. That is, Mr. President, if everybody remains in the system and draws all the benefits he possibly can. A great many persons will

die before retiring, and will draw only the amounts they have contributed to the fund.

Mr. CURTIS. The figures I have from the Civil Service Commission indicate that the total added cost of this proposed legislation will be \$466 million a year, and that raising the employees' contribution from 6 to 7 percent will bring in merely \$90 million. The rest of the added cost will come from our general Government revenues.

I repeat, on the basis of the percentage of payroll cost, this bill will give us a civil service retirement program that will cost more than 20 percent of payroll.

Keep in mind that if we force such a program, not only on the public, but on those who would work under it, we may not have done them a great favor.

If the future of the retirement program is to mean what those who devised and designed it wanted it to mean, it must be held within reason, and within our ability to pay for it and carry it on, or there may be those who come after us who will say, "We did not create this obligation, and we will not honor it."

Mr. President, by supporting the amendment offered by the Senator from Kansas [Mr. CARLSON], we can reduce the cost of this program \$51 million a year; and we shall not take 1 cent away from any Government employee who wishes to retire because of age or because of physical disability.

Mr. KNOWLAND. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Kansas, for the reasons stated by him and for the reasons so ably stated by the Senator from Nebraska.

There appears to be some difference of opinion as to the cost of the proposed legislation, as reported by the committee. I suppose there may be honest differences of opinion on that score. However, the figures furnished to me indicate that the added cost as a result of enactment of Senate bill 2875 as reported by the Committee on Post Office and Civil Service will be approximately \$466 million.

The amendments which have been offered and amendments which will be offered propose to raise the additional cost to approximately \$245 million, which still will be a sizable item. The amendment offered by the Senator from Kansas will bring about a reduction in cost of approximately \$51 million.

I think a word should be said for the taxpayers, as well as for the civil-service employees. Certainly all of us agree with the statements made by the Senator from South Carolina [Mr. JOHNSTON], the Senator from Kansas [Mr. CARLSON], and other Senators, to the effect that we want to have a sound civil-service retirement system. We want the system to be actuarially sound. We want the Federal Government to do its full part. But it is very important to the civil-service employees—both those presently working and those already retired—that the Federal Government be kept solvent.

I do not intend to delay the Senate for any prolonged period of time, but

I should like to call the attention of any who may have forgotten it to the fact that today the Federal Government has a national debt of \$280 billion. If we had a balanced budget and if we could begin to pay on the national debt as much as \$1 billion a year, it would take 280 years to retire the national debt. If we were able to pay only \$1 million a day on the national debt, it would take approximately 535 years to repay the national debt.

Today we are operating on a budget of approximately \$65 billion. I just happened to pick up the budget in brief, which has been available to all Senators, for the fiscal year 1957. On page 52 we find that for 1915, the first year shown in the table, the total receipts of the Federal Treasury, from all sources, amounted to \$683 million. Those were the total receipts of the Government, which were used to support the Army, the Navy, the civil functions of the Government, and all other governmental activities.

It so happens that on page 3 of the report dealing with the Civil Service Retirement Act, we find that there went into the total receipts under the retirement fund for the year 1954, \$685,957,288.04, which happens to be more than \$2 million more than the total receipts of the Government in the year 1915.

At the present time we are paying more than \$7 billion annually for interest on the national debt. As late as the year 1941, the total receipts into the Federal Treasury, from all sources—income taxes, corporate taxes, customs, and so forth—amounted to only \$7,103,000,000, or less than we are paying today in the form of interest on the national debt. So I think every employee of the Government and every taxpayer has a vital interest in the question of maintaining the solvency of the Government and, of course, in maintaining the solvency of this fund.

I hope the amendment will be adopted, and I hope that certain other amendments which will be submitted will be adopted, so that we can do both justice and equity to the civil-service employees, without doing an inequity to the United States taxpayers.

Mr. JOHNSTON of South Carolina. Mr. President, I agree with the Senator from California that we want to look after the taxpayers. But if my memory serves me correctly, in a few days we shall have on our desks a request to give \$4,900,000,000 to foreign countries. One percent of that amount would more than take care of the increased amount called for in the bill now before us; and half of that is to be contributed by the workers themselves, to match the payments by the Government.

Oh, yes, Mr. President; when it comes to giving something to the working people of the Nation, this administration is always ready to cut back and to make reductions. But when the Government starts to make gifts to foreign nations, we find this administration always ready to give, not only for 1 year, but for 10 years. That is true. So it is that we find that the administration proposes that we give to foreign countries \$4,900,-

000,000—more than 5 times as much as the total of the appropriation bills in 1911.

I know that no Member of the Senate wants to have a return made to the low salaries and the other conditions which existed in 1910, and certainly not to those existing in 1907, when there was a depression. Neither do Senators want a return made to the depression of 1930, when the national income dropped to \$39 billion. But we do want to treat our employees in the way that the corporations treat theirs. This bill will not give any better treatment to Government employees than that received at the present time by the employees of the large corporations.

Senators who wish to deny to employees of the Government the rights which the employees of corporations have at this time, should vote for the pending amendment. But I, for one, want to treat the employees of the Government in the same way that the employees of the corporations are treated.

The pending proposal would reduce the retirement annuities of Government employees retiring at less than the age 60. On the other hand, at the present time employees of the FBI are allowed to retire at the age of 50, and it makes no difference how many years they have served.

Under the provisions of the pending bill, a Government employee must work for at least 30 years before he can retire with a reduced annuity. So this bill will not cost so much. How many Government employees will retire at such a reduced annuity, when they can continue to work for the Government, and perhaps have an income twice as large as such a reduced annuity, and then, after reaching age 60, receive the retirement annuity?

What would the average individual do? He would stay on. An individual working for the Government will stay on and work, if he is able to do so, and is not fired. But if a man were fired, he would have the right to receive a reduced annuity based upon the number of years his age lacked being age 60. So I urge the Senate to vote for the amendment. I think it is fair, just, and equitable, and would treat Government employees no better than the average corporation treats its employees.

Mr. NEUBERGER. Mr. President, will the distinguished Senator from Nebraska [Mr. CURTIS] yield for a question concerning his remarks on the bill?

Mr. CURTIS. I do not have the floor.

Mr. NEUBERGER. Will the Senator allow me to ask him a question for information?

Mr. CURTIS. Certainly.

Mr. NEUBERGER. I am seeking information.

In the Senator's statement on the bill he said, if I am not mistaken, that the bill would cost \$466 million a year.

Mr. CURTIS. That is the added annual cost.

Mr. NEUBERGER. The added annual cost?

Mr. CURTIS. Yes.

Mr. NEUBERGER. When would that added annual cost accrue? Would it be next year? I should like to know when

the increase would take place. I think that is a very important part of the entire controversy.

Mr. CURTIS. I do not know. I know what would be the effective date of the act, but I do not know at what time the maximum effect would take place. Usually there is quite lag.

When we are legislating on retirement programs, we are voting an increase in a program which runs in perpetuity. So whether the increase requires a few years to reach the total additional cost which has been indicated is not so material. The figures were compiled by the Civil Service Commission.

Mr. NEUBERGER. The distinguished Senator still has not answered the question. The distinguished Senator told the Senate that the bill would cost \$466 million a year additional. In what year would that additional cost take place?

Mr. CURTIS. I intended to answer the question. I do not know at what time the increase would reach that point, but it is rather immaterial, because we are dealing with a program which runs in perpetuity.

Mr. NEUBERGER. If the distinguished Senator could make an argument in perpetuity, although I have not been a Member of this body for very long, it seems to me that the entire manner of debate in the Senate would change. In other words, had I been a Member of this body when the Senate passed the bill reducing the tax obligations of those who receive corporate dividends, I might have risen on the floor and said, "This will cost \$4 billion a year." Someone might ask me when, and I might add, "In the year 2010."

It seems to me that when we are talking about what a bill will cost, and the Senator says it will cost \$466 million a year additional, and the Senator cannot tell the Senate in what year that increase will take place, his argument becomes a non sequitur.

Mr. CURTIS. These are Civil Service Commission figures. The distinguished minority leader [Mr. KNOWLAND] used the same figures.

One place where we have the right to consider any contingent cost is in connection with a retirement program, whether it be civil-service retirement, social security, or anything else.

The distinguished Senator from Oregon used a tax reduction as an illustration. The Congress may change the tax rate any time it desires. But we are aware that when the people are working under a retirement program, while technically the right of Congress to change it may be preserved, nevertheless, there is a commitment involved. People are working under a retirement program which holds out a promise of certain retirement benefits, and we cannot change it downward after they have worked for many years and are about to retire. For that reason I believe that the future costs should be taken into account in connection with this type of legislation.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. NEUBERGER. I have the floor, and I should like to make some remarks on the bill.

I point out that I am told that the committee staff has received word from the actuaries of the Civil Service Commission that in the first year the bill would cost \$10 million; in the 5th year \$60 million; in the 10th year \$150 million; and that 40 years from now, it may cost \$466 million. I submit that when the Senator from Nebraska tells the Senate that the bill will cost \$466 million a year, it is a very significant fact that this cost will not be reached until 40 years from now.

Also, I am informed that the presumptive cost of \$466 million 40 years from now is based upon the assumption that everyone would take advantage of the permissive clause providing for retirement after 30 years' service. There is by no means any certainty that that would be the case. Under existing retirement law, employees may retire after 30 years' service, at age 60. Many employees do not take advantage of that particular privilege.

With respect to the argument by the able minority leader regarding our great national debt, I remind him—and I am sure he will agree—that this argument could be cited no matter what governmental expenditures were proposed. It could be cited regardless of what was being considered. If we are raising salaries or providing increased benefits for any groups, or providing tax relief for anyone, a Senator who does not happen to agree can cite our vast national debt. It is a valid argument, but it can be made with respect to any proposal for expenditure with which any particular Senator is in disagreement.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. When the Senator is using the figure of \$466 million, he is also including the item of \$20 million shown on the sheet placed upon the desks of Senators, representing refunds and lump-sum payments due to high employee deductions. We are returning to the employee just what he paid in. So that is included in the \$466 million.

There is also included an item of \$12 million representing a transfer of credit to social security, which we have just agreed to eliminate from the bill.

Mr. NEUBERGER. I thank the able chairman of the committee.

The able minority leader cited the figure of \$685 million which went into the retirement fund in the fiscal year 1954 as being a very large sum compared with the total receipts of the Government a few years ago. I remind the minority leader that approximately 60 percent of that sum, or \$425 million, came out of the pockets and the paychecks of the employees themselves.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. KNOWLAND. The Senator is entirely accurate in his statement. However, in this particular case the employees receive the pay from the Government, which receives it from the taxpayers. We often hear about the problem of take-home pay, which usually faces us at a time when salary increases

are being considered. So the end result is that all the money, of course, comes, in a very real sense, from the taxpayers and the Government of the United States.

Mr. NEUBERGER. I recognize that; but the able minority leader also recognizes that, when reasonable pay is fixed for Federal employees in the classified service, we do not take into consideration the fact that 6 percent—and, under the terms of the bill, 7 percent—is deducted from the pay. That is certainly a factor which is not considered when reasonable levels of pay are sought.

Inasmuch as the distinguished minority leader used the figure of \$685 million, I wish to point out that the greater portion of it came from the paychecks received by Federal employees, and that portion was deducted from their take-home pay.

Mr. KNOWLAND. The Senator is correct. One of the complaints which is justifiably made—although I understand the reason for that situation—is that, particularly in recent years, the Federal Government has not kept up its share of payments into the fund. One thing we aim to do under the provisions of the pending bill is to see to it that the employee contributions are matched, so that when the employee puts up 7 percent of his pay, under the new rate, the Federal Government will match that contribution. I think that is as it should be.

Mr. NEUBERGER. The able minority leader will agree with me, I am sure, that fiscal year 1954, which was the year he cited in his argument, happened to be one of the years in which the Federal Government made a very low minimum contribution, rather than a real matching contribution.

Mr. President, I do not wish to presume any more on the time of the Senate. I merely wish to say, in conclusion, that the privilege of retiring after 30 years is the main trunk of the bill before us. If we remove that provision, we have only the branches of the tree left, so far as this piece of legislation is concerned.

The able chairman of the committee has cited for the Senate the fact that members of the FBI can retire at age 50 after 20 years of service, under full retirement, with no deduction; and that under the provisions of S. 2875, which is being attacked by the amendment offered by the Senator from Kansas [Mr. CARLSON], Federal employees who retire after 30 years of service, who have not reached age 60, will accept a commensurate reduction in their retirement pay.

I believe this subject goes to the very root of the bill. If the amendment of the distinguished Senator from Kansas is adopted, there will be comparatively little left in the bill with respect to benefits for Federal employees who, by and large, are not highly paid workers and who are not in the upper-income brackets. The bill will be left a mere skeleton as compared with the thoroughly worked out measure which came from the committee, and that we have before us at the present time.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to call the

Senate's attention to the fact that the \$117 million it is claimed the Government will have to pay will also earn 3½ percent interest. That is the \$117 million that is shown on the sheet that has been placed on our desks.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter sent by Chairman Young, of the Civil Service Commission, to the Senator from South Carolina, chairman of the Committee on Post Office and Civil Service. This letter may be found on page 9 of the committee report.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES CIVIL SERVICE
COMMISSION,
Washington, D. C., April 5, 1956.

HON. OLIN D. JOHNSTON,
Chairman, Post Office and Civil Service
Committee, United States Senate.

DEAR SENATOR JOHNSTON: This is in reply to your letter of March 28, requesting a statement of the cost of S. 2875 as modified by a list of amendments enclosed with your letter.

We have since been advised by Mr. Kerlin of your committee staff that another amendment is to be considered in the estimates. A provision of the amended bill would direct the Secretary of the Treasury to invest the retirement fund in securities of the United States bearing interest at the rate of 3½ percent. Investments are now made at 3 percent. This latter rate was used in the cost estimates of the present law and S. 2875 as introduced, which were a part of my statement before the Retirement Subcommittee on February 1, 1956. In accordance with Mr. Kerlin's request, our estimates on S. 2875 as amended, are based on a valuation interest rate of 3½ percent. The resulting costs are compared with costs of the present law and S. 2875 as introduced, based on a 3-percent valuation rate.

In my testimony on February 1, I estimated that S. 2875 as introduced, would result in an annual increase in retirement costs of \$521 million, all of which would fall on the Government. We now estimate that S. 2875 as amended, would increase annual retirement costs over those of the present law by \$349 million. The provision increasing the employee deduction rate from 6 to 7 percent would increase the employees' portion of the cost by \$90 million, leaving an annual increase of \$249 million in the Government's retirement cost. This does not include the increased interest cost which would result from the additional one-half of 1 percent paid on the invested fund.

Sincerely,

PHILIP YOUNG,
Chairman.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter written by the Assistant Director of the Bureau of the Budget to me under date of May 3, 1956.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., May 3, 1956.

HON. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILLIAMS: Reference is made to your request of April 25, 1956, pertaining to S. 2875, a bill "to revise the Civil Service Retirement Act."

Based on data developed by the Civil Service Commission, it is estimated that S. 2875,

as reported by the committee, would increase the annual retirement cost to the Government of the civil service retirement system by about \$259 million, computed on a level premium basis, as compared with the present provisions of that system. That bill would provide a 3½ percent interest rate, instead of a rate fixed by the Secretary of the Treasury, presently 3 percent. The bill would therefore increase the annual interest cost to the Government, estimated by the Commission to be about \$117 million, expressed on a level premium basis. Thus the additional cost of the system to the Government, on this basis, would be about \$376 million above the present estimated cost of about \$843 million, or a total annual cost to the Government of about \$1,219 million.

The total annual level premium cost of the system is also a cost to employees, and the present 6 percent employee contribution rate is an employee cost of about \$537 million. S. 2875 would increase the annual employee cost by 1 percent or by about \$90 million. Thus S. 2875 would raise the total annual cost of the system, in a level premium basis, by about \$466 million, to a total of about \$1,846 million.

The administration bill to revise the civil service retirement system and to extend the benefits of the old-age and survivors' insurance system to Federal employees under the retirement system, has been introduced as S. 3041. That bill has an estimated annual level premium cost to the Government, on the basis of the present old-age and survivors insurance contribution rate, of about \$825 million or a reduction under the estimated present annual civil service retirement cost of about \$18 million. In future years, as the old-age and survivors insurance tax rate is increased, this cost to the Government would increase, to a maximum estimated annual cost of about \$980 million, after 1974, which would be an ultimate increase of about \$137 million over the cost of the present system to the Government. The enactment of S. 3041 would be in accord with the program of the President, and its enactment in lieu of S. 2875 is recommended.

Sincerely yours,

PERCY RAPPAPOORT,
Assistant Director.

Mr. WILLIAMS. I place these letters in the RECORD to show that the cost of the bill is exactly what the Senator from Nebraska [Mr. CURTIS] has said it is; namely, \$466 million for the Government's part. Mr. Young's letter refers to \$349 million, but this is in addition to the extra \$117 million interest charges. It is merely a matter of bookkeeping whether the \$117 million item be called interest or direct appropriation. I am sure the Senator from South Carolina would not take exception to that statement.

So far as the cost is concerned, it is estimated by the Civil Service Commission that it would be \$466 million, and that cost would start as of January 1, 1957.

It is true that the Government would not have to put up the money immediately, but it is a contingent liability, and that contingent liability is an obligation of the Government from the first day of January 1957, the date the bill would go into effect. The committee report substantiates this statement and the cost.

Unless Members of Congress who will vote for the bill intend later to vote the necessary appropriations to meet the cost they are bigger hypocrites than I am sure they are willing to admit.

So as far as the argument of the junior Senator from Oregon is concerned, that the costs next year will be light, means nothing. On that basis there would be some multibillion dollars years later. The \$466 million figure is the average annual cost projected over the years, and that average cost begins to be an obligation on the first day of January 1957. We all recognize that the contributions of the employees have more than offset the disbursements thus far, but that proves nothing.

Neither the Senator from South Carolina [Mr. JOHNSTON], as chairman of the committee, nor the junior Senator from Oregon [Mr. NEUBERGER] can dispute this statement nor these figures as to the cost.

The situation before us is similar to that of an insurance company. A man pays premiums to an insurance company and starts to do so as a young man. He continues to do so over the years. The insurance company could likewise say, "This is all income or profit. There have been no disbursements." However, there does come a time when disbursements must all be made at one time. That is exactly the same as the contingent liability to which we must look forward.

I am not in the least bit interested in any fictitious figures which have been given over the telephone by some unnamed bureaucrat downtown whose primary interest is in seeing the bill passed.

Mr. LEHMAN. Mr. President, I do not understand the figures that have been given here during a part of this debate. I should like to refer to the report of the committee showing contributions and appropriations over the years. In 1954, the employee contributions were \$425 million. In that year, the Government appropriated only \$35 million. Why it should have been only \$35 million, whereas in 1953 it was \$325 million, I do not understand, unless it was a part of the effort to balance the budget during that year.

In 1950, the employee contributions were \$355 million. The total disbursements during that year were \$266 million. The following year, in 1951, the employee contributions were \$374 million. The total disbursements were only \$268 million.

In 1952, the employee contributions were \$414 million. The total disbursements were only \$298 million.

In the following year, 1953, the employee contributions were \$420 million. The total disbursements were only \$360 million. In 1954 the employee contributions were \$425 million. The total disbursements were \$409 million.

In other words, it is perfectly clear that the total disbursements do not balance the contributions. In other words, it seems perfectly clear to me that this is a contributing system under which the employees put up all the money. Therefore, under those circumstances, I do not understand why we should try to cut the amounts involved.

Mr. CARLSON. Mr. President, will the Senator yield? Perhaps I can explain the situation to the Senator from New York.

Mr. LEHMAN. I am glad to yield to the Senator from Kansas.

Mr. CARLSON. I have before me the same table to which the Senator from New York referred. Perhaps I can help him with reference to the figures for 1954 and 1955, at which time the Government's contribution was \$35 million in one year and \$33 million in the other year. The reason for that is that the previous session of Congress authorized the appointment of what is known as the Kaplan committee. The committee was authorized and directed by Congress to make a study of the entire retirement system. We appropriated a quarter of a million dollars for that purpose, of which there has been spent \$217,000.

When the matter of contributions to the fund came up, it was felt under those circumstances it would be best to await the committee's recommendation before a decision was reached as to what the appropriation should be. I share the view of the Senator from New York, that the fund should be substantially increased.

Mr. LEHMAN. It is perfectly evident that there was a diminution in the Government's appropriation, from \$325 million in 1953 to \$35 million in 1954. Of course that fact accounted for some of the reduction. Perhaps it was due to an effort to balance the budget. Quite aside from that fact, it is evident that the employees are doing more than financing their own retirement system; they are putting up more than they are getting out of the system.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. CURTIS. Is not the fair measure of the cost of legislation the obligations that will be imposed upon the system for payment, not necessarily what has been set aside in the fund to take care of the payments?

Mr. LEHMAN. These are official figures which are contained in the report of the committee.

Mr. CURTIS. The true cost of the program before us is the obligations we shall impose upon it, which must be met, and is not necessarily measured by what we set aside in the fund to take care of the obligations.

Mr. LEHMAN. May I say to the Senator from Nebraska that the figures to which he is referring are merely estimates projected away into the future, not this year or next year, or necessarily in 10 or 15 or 20 years, but away in the future.

Mr. CURTIS. I am not referring to any figures. What I am saying is that the cost of the legislation is the obligations we place on the system, and we do not lower the cost merely by putting less money into the trust fund than we receive.

Mr. LEHMAN. All I can say to the Senator is to quote again from the report which shows that in 1954 the Government appropriations were only \$35 million and the contributions of the employees were \$25 million. I can not get away from those figures. I do not think the Government has been particularly generous.

Mr. CURTIS. I do not think so, either. But suppose we decrease the employees' contributions from \$425 million to \$300 million and the Federal Government's contributions from \$35 million to \$10 million: that would not increase the cost of the program, but it would make a greater deficit in the fund.

Mr. LEHMAN. The State which I had the honor to represent for many years as Governor put up an amount equal to the contributions of the employees. Both were used equally, not in the manner in which this fund is being operated today.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Kansas to the amendment of the committee. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR (when his name was called). Mr. President, on this vote I have a pair with the senior Senator from Texas [Mr. JOHNSON]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. SMATHERS. Mr. President, I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from North Carolina [Mr. ERVIN], and the Senator from Texas [Mr. JOHNSON] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

I further announce that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from West Virginia [Mr. NEELY] would each vote "nay."

Mr. KNOWLAND. Mr. President, I announce that the Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Michigan [Mr. POTTER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

On this vote the Senator from Ohio [Mr. BENDER] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Ohio would vote "nay" and the Senator from Massachusetts would vote "yea."

The result was announced—yeas 36, nays 46, as follows:

YEAS—36

Aiken	Curtis	Millikin
Allott	Dirksen	Mundt
Barrett	Dworshak	Payne
Bennett	Flanders	Purtell
Bricker	Frear	Robertson
Bridges	Goldwater	Russell
Bush	Gore	Schoeppel
Byrd	Hruska	Smith, N. J.
Carlson	Knowland	Stennis
Case, N. J.	Malone	Thye
Case, S. Dak.	Martin, Iowa	Watkins
Cotton	Martin, Pa.	Williams

NAYS—46

Anderson	Holland	Monroney
Beall	Humphrey	Morse
Bible	Ives	Murray
Butler	Jackson	Neuberger
Capehart	Johnston, S. C.	O'Mahoney
Daniel	Kennedy	Pastore
Douglas	Kuchel	Scott
Duff	Laird	Smathers
Eastland	Langer	Smith, Maine
Ellender	Lehman	Sparkman
Fulbright	Long	Symington
Green	Magnuson	Welker
Green	Mansfield	Wofford
Hayden	McCarthy	Young
Hennings	McClellan	
Hill	McNamara	

NOT VOTING—13

Bender	Jenner	Potter
Chavez	Johnson, Tex.	Saltonstall
Clements	Kefauver	Wiley
Ervin	Kerr	
Hickenlooper	Neely	

So Mr. CARLSON's amendment to the amendment of the committee was rejected.

Mr. SMATHERS. Mr. President, I move that the vote by which the amendment offered by the Senator from Kansas to the committee amendment was rejected be reconsidered.

Mr. JOHNSTON of South Carolina. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina to lay on the table the motion of the Senator from Florida.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5862) to confer jurisdiction upon United States district courts to adjudicate certain claims of Federal employees for the recovery of fees, salaries, or compensation.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11177) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTEN, Mr. MARSHALL, Mr. DEANE, Mr. NATCHER, Mr. CANNON, Mr. H. CARL ANDERSEN, Mr. HORAN, Mr. VURSELL, and Mr. TABER were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendments of the Senate to the joint resolution (H. J. Res. 261) authorizing the Secretary of the Army to make such transfer of supplies and equipment as may be available to The Citadel, Charleston, S. C.

AMENDMENT OF MILITARY PERSONNEL CLAIMS ACT OF 1945—
CONFERENCE REPORT

Mr. DANIEL. Mr. President, I submit a report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3996) to further amend the Military Personnel Claims Act of 1945. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3996), "An act to further amend the Military Personnel Claims Act of 1945," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Page 1, strike out lines 3, 4, and 5, and insert:

"That section 1 (a) of the Military Personnel Claims Act of 1945 (59 Stat. 225), as amended, is further amended by striking out '\$2,500' and inserting in lieu thereof '\$6,500.'"

And the Senate agree to the same.

PRICE DANIEL,
JOHN L. MCCLELLAN,
HERMAN WELKER,

Managers on the Part of the Senate.

E. L. FORRESTER,
HAROLD D. DONOHUE,
WILLIAM E. MILLER,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. DANIEL. Mr. President, the Military Personnel Claims Act of 1945 authorizes the Secretaries of the various armed services to determine and pay any claim against the United States not to exceed \$2,500 for the loss of personal property determined to be reasonable, useful, necessary, or proper to the serviceman under the attendant circumstances. The loss, however, must not have occurred by reason of any negligent or wrongful act on the part of the claimant or his agent. The limitation of \$2,500 was imposed by an amendment on the floor of the Senate in the closing days of the 82d Congress. Since the imposition of this limitation, it has become apparent that the ceiling is not realistic, and a substantial number of claims have been submitted to the Secretaries of the various armed services in excess of this

limitation. Ultimately, these claims in excess of \$2,500 are introduced as private relief bills.

H. R. 3996 as introduced, at the request of the Department of Defense, would have removed the ceiling entirely. The House of Representatives approved the bill in this form. The Senate, however, agreed to the raising of the ceiling from the present figure of \$2,500 to \$4,000. The House of Representatives then disagreed to the amendment of the Senate and asked for a conference.

The conferees have now agreed on the sum of \$6,500 as a reasonable ceiling to be imposed on the authority conferred by the Military Personnel Claims Act. Since the bill provides that the amendment is retroactive to the date of the imposition of the ceiling, adoption of this legislation will enable the military departments to settle in full the claims of 26 out of the 28 individuals who now have claims bills pending in the Committee on the Judiciary.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

REVISION OF CIVIL SERVICE
RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

Mr. HILL. Mr. President, I should like to have the attention of the distinguished Senator from South Carolina, the chairman of the Committee on Post Office and Civil Service.

When we read subsection (b) of section 3, on page 47 of the committee amendment, it would seem from that language that credit for service under the civil service would be given to a Reserve officer, let us say, who served in the military and then was discharged for cause other than physical disability, whereas the same credit would seem to be denied a Reserve officer who served under the civil service and was discharged from the military service by virtue of physical disability incurred in line of duty.

Mr. JOHNSTON of South Carolina. I understand the amendment of the Senator from Alabama. I have discussed it with him. I see no objection to the amendment. It merely clarifies what is intended by the bill.

Mr. HILL. Does the Senator from Kansas wish to comment on the amendment?

Mr. CARLSON. Would the word "explosion" be stricken out?

Mr. HILL. My amendment strikes out the words, in line 13, on page 47 "combat with an enemy of the United States or resulting from an explosion of an instrument of war," and inserts in lieu thereof, "line of duty."

In other words, he would have to have a service-connected disability incurred in line of duty.

The language at that point in the committee amendment then would read:

Unless such retired pay is awarded on account of a service-connected disability incurred in line of duty or is awarded under title III of Public Law 810, 80th Congress.

The PRESIDING OFFICER. Will the Senator from Alabama send to the desk his amendment to the committee amendment, so it may be stated?

Mr. HILL. Yes, Mr. President; I now send the amendment to the desk and ask that it be stated.

Mr. JOHNSTON of South Carolina. Mr. President, I think this amendment to the committee amendment is a good one. Under the committee amendment as now written, I think such a person would have to be injured in combat. Such a provision is too restrictive. If the injury were received in line of duty, I think such a case should also be included.

Mr. HILL. Certainly we would not wish to deny to such a person who was injured in line of duty the credit given to a person who was injured under other circumstances.

The PRESIDING OFFICER. The amendment of the Senator from Alabama to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 47, it is proposed to strike out beginning with the word "combat" in line 13, and down to and including the word "war" in line 15, and to insert in lieu thereof the words "line of duty."

Mr. CARLSON. I should like to inquire how far the amendment will go. If, as suggested by means of the amendment, we strike out the word "combat" in line 13, and if in lines 14 and 15 we strike out the words "with an enemy of the United States or resulting from an explosion of an instrument of war", and if in lieu thereof we insert "line of duty" will that mean that a man who was disabled in military combat and who is drawing retirement pay can be injured, for instance, in an automobile accident and can, as a result—

Mr. HILL. Oh, no.

Mr. JOHNSTON of South Carolina. "Line of duty" means service-connected.

Mr. HILL. Yes; service-connected disability in line of duty.

Mr. CARLSON. A soldier on leave would be in line of duty, would he not?

Mr. HILL. I am not sure about that. As I recall, under the rules of the Veterans' Administration, "service-connected disability in line of duty" is well defined. "Line of duty" means where he is performing some duty under orders or something of that kind, in connection with service in the military, as I understand.

I wish to be perfectly frank. I could be in error, but that is my understanding.

Mr. CARLSON. I will agree with the Senator from Alabama that I think the language of the committee amendment as now written is somewhat restrictive, and it may be that some changes should be made in it. But certainly I do not want the doors thrown open. I want the legislative history in connection with

this matter to show that I would be very much opposed to this amendment if it were to cause the doors to be thrown open and if, under the amendment, dual compensation could be given. In the 83d Congress we passed Public Law 300 to remove the word "explosive," but retained the protection of the other language.

If the amendment is adopted, then when the bill goes to the House I want this provision carefully looked into.

Mr. HILL. It is not my idea to throw open the doors; and I realize that the Senator from Kansas does not want that to be done, either. But when a veteran is disabled in the military service and has a service-connected disability incurred in line of duty, he certainly should receive the same credit for any service rendered under the civil service as that received by one discharged for cause other than physical disability.

Mr. CARLSON. How far the amendment would go would depend a great deal on the interpretation of the words "line of duty."

I am willing to let the amendment be included, but I certainly hope it will be examined further.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama [Mr. HILL] to the committee amendment.

Without objection, the amendment to the amendment is agreed to.

Mr. KNOWLAND. Mr. President, I call up my amendment identified as "5-22-56-D."

The PRESIDING OFFICER. The amendment of the Senator from California to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment in section 9 (f), on page 63, it is proposed to strike out the words "10 percent of so much thereof as exceeds \$2,400." and to insert in lieu thereof the following "5 percent of so much thereof as does not exceed \$1,500, plus 10 percent of the balance of such annuity."

It is proposed to strike out all of section 10 (a), page 64, and to insert in lieu thereof the following:

SEC. 10. (a) If a Member or employee dies after having retired under any provision of this act and is survived by a wife or husband designated under section 9 (f), such wife or husband shall be paid an annuity equal to 50 percent of the annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9 as may apply with respect to the annuitant.

Mr. KNOWLAND. Mr. President, under the present law an employee retiring for disability or on immediate annuity after 15 years of service may elect a reduced annuity, and may provide a 50 percent annuity for a surviving wife or husband. The annuity of the retiring employee is reduced by 5 percent of the first \$1,500 of annuity, by 10 percent of any annuity exceeding \$1,500, and by three-fourths of 1 percent for each year the wife or husband is under age 60. The reduction may not exceed 25 percent.

Under the Senate bill 2875, as reported by the committee, a survivor annuity of 50 percent is automatic and free

on the first \$2,400 of the annuity of an employee retiring for any reason. The retiring employee may elect to have his or her annuity in excess of \$2,400 reduced by 10 percent, and may thus provide a survivor annuity of 50 percent of total annuity.

My amendment would amend section 9 (f), pages 62 and 63, and 10 (a) (1) and 10 (a) (2) on page 64, so as to retain two of the present reductions—5 percent of the first \$1,500 of annuity and 10 percent of annuity in excess of \$1,500—if a retiring employee elects to provide a survivor annuity for a wife or husband.

The reasons for my amendment are as follows:

First. Adoption of the amendment would reduce the added annual retirement costs resulting from enactment of S. 2875 by approximately \$103,000,000.

Second. The present law is already quite liberal. The reductions are not sufficient to compensate completely for the additional costs resulting from payment of the survivor annuities.

Third. Approximately 30 percent of recently-retired employees receive annuities less than \$2,400. Accordingly, without the amendment, survivor annuity would be entirely free in the great majority of cases.

Fourth. Very few retiring married women now elect survivor benefits for their husbands. This is consistent with the normal family situation in which the husband is not a dependent of his wife. Unless S. 2875 is thus amended, survivor benefits will be free and automatic in the case of each retiring married woman, even though the husband is neither disabled nor dependent.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. KNOWLAND] to the committee amendment.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. JOHNSTON of South Carolina. Mr. President, I hope the Senate will reject the pending amendment.

The amendment would strike out the provision of the bill which grants automatic annuities to surviving widows. Present law permits an employee upon retirement to elect survivorship benefits for his wife. When such an election is made, he—the retiring employee—is required to take a reduction of 5 percent on the first \$1,500 of his earned annuity and a 10-percent reduction on such of his earned annuity as may be in excess of \$1,500. When he makes such an election, his wife, in the event she survives him, then receives one-half of his earned annuity after his death. If, however, his wife does not survive him, the reduction in his annuity continues so long as he may live. Since this provision was put into the retirement law, between 40 and 50 percent of all employees retiring have not elected survivorship benefits. Why have they not done so? Simply because their annuities have been so low that they could not afford to suffer the reduction in their annuities imposed under present law. This has been par-

ticularly true with respect to employees in the low-salary bracket where survivorship benefits are most needed. The result has been that there are now many widows without 1 cent of income, because their husbands, at the time of their retirement, could not afford to make the survivorship election.

I receive many letters on this subject, inquiring why widows do not receive annuities. I am obliged to tell them it is because their husbands, at the time of their retirement, could not afford to make the survivorship election.

The bill proposes to alleviate this situation by removing the penalty on the lower portion of the retiring employee's earned annuity. The bill would eliminate any reduction on the first \$2,400 of the employee's earned annuity. Thus, under this provision all surviving widows of retired Federal employees would be assured of at least a modest survivorship annuity upon the death of their husbands.

Mr. President, I cannot agree with the proposal to deprive these widows of the modest assured income that would be provided them under S. 2875. I cannot agree with the amendment that would take this benefit from them. I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SMATHERS. Mr. President, I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from North Carolina [Mr. ERVIN], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], and the Senator from Texas [Mr. JOHNSON] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from North Carolina [Mr. ERVIN], the Senator from Georgia [Mr. GEORGE], the Senator from Texas [Mr. JOHNSON], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from West Virginia [Mr. NEELY] would each vote "nay."

Mr. KNOWLAND. Mr. President, I announce that the Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Indiana [Mr. JENNER], and the Senator from Nevada [Mr. MALONE] are necessarily absent.

The Senator from Michigan [Mr. PORTER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

On this vote, the Senator from Ohio [Mr. BENDER] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Ohio would vote "nay," and the Senator from Massachusetts would vote "yea."

The result was announced—yeas 16, nays 65, as follows:

YEAS—16

Allott
Bricker
Bridges
Byrd
Case, S. Dak.
Curtis

Dworshak
Flanders
Knowland
Martin, Pa.
Millikin
Mundt

Schoeppel
Smith, N. J.
Watkins
Williams

NAYS—65

Aiken
Anderson
Barrett
Beall
Bennett
Bible
Bush
Butler
Capehart
Carlson
Case, N. J.
Chavez
Cotton
Daniel
Dirksen
Douglas
Duff
Eastland
Ellender
Frear
Fulbright
Goldwater

Green
Hayden
Hennings
Hill
Holland
Hruska
Humphrey
Ives
Jackson
Johnston, S. C.
Kennedy
Kerr
Kuchel
Laird
Langer
Lehman
Long
Magnuson
Mansfield
Martin, Iowa
McCarthy
McClellan

McNamara
Monroney
Morse
Murray
Neuberger
O'Mahoney
Pastore
Payne
Purtell
Robertson
Russell
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Symington
Thye
Welker
Wofford
Young

NOT VOTING—14

Bender
Clements
Ervin
George
Gore

Hickenlooper
Jenner
Johnson, Tex.
Kefauver
Malone

Neely
Potter
Saltonstall
Wiley

So Mr. KNOWLAND's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate reconsider the vote by which the Knowland amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KNOWLAND. Mr. President, I had intended to offer an additional amendment. However, it is obvious, from the vote of the Senate on the last two amendments, that the amendment would not prevail. Therefore I shall not offer the amendment I had intended to offer at this time.

However, I wish to make a brief statement covering the position of the administration and my own position relative to the advantages of covering Federal employees by both the civil service retirement system and the social security system.

The civil service retirement system was established in 1920, well in advance of the recognition of the necessity for pension plans by many private employers, and has proved to be a significant factor in attracting able persons to Federal employment, in encouraging competent, experienced employees to continue in the Federal civil service, in making orderly retirement possible for them and in giving dignity to their years of retirement. I consider the maintenance and continued improvement of a strong, independent civil service retirement system essential to the welfare of Federal employees and to the efficient conduct of the business of Government.

As a result of congressional consideration of old-age and survivors insurance over the years, practically all areas of gainful employment except employment by the United States Government are covered by old-age and survivors insurance. It seems to me that it is not desirable to have one policy for workers and employers in private industry and another for the Government and its employees. There is no reason why the Congress should not treat its own employees on a basis comparable with what it expected of other employers. Has the Congress given this treatment to its civilian employees, problems of employees transferring between private and Federal employment would have been greatly diminished. The Congress has said to private employers and their workers, "You can have any kind of retirement you desire. But every employee must have the basic protection of old-age and survivors insurance."

Not so in Federal employment. The benefits of our present civil-service retirement system, as well as the benefits provided by S. 2875, accrue only to that minority of Federal employees who stay in Federal service for an extended period. Most of us are in agreement, I believe, that benefits under civil-service retirement should be liberalized. At the same time, attention should be given to providing all Federal employees protection that will follow them after they leave the Federal service. This is particularly important for the one-half million persons who enter and leave Federal service annually.

OLD-AGE AND SURVIVORS INSURANCE AND PRIVATE PENSION PLANS

Many employers in private industry of course have, like the Federal Government, developed staff retirement plans for their employees. These employers strive to set up good private pension plans for exactly the same reasons that the Federal Government is interested in maintaining a strong civil-service retirement system; that is, to attract and retain competent employees. Since virtually all jobs in private industry are covered by OASI, private employers can assure a high level of retirement protection for their career employees by building their retirement plans on top of a foundation provided by old-age and survivors insurance.

This effective relationship that has been developed between old-age and survivors insurance and the private staff retirement plans in industry has completely dispelled fears that were expressed when the old-age and survivors insurance program was established. At that time some people claimed that old-age and survivors insurance would undermine private pension plans. But experience has proved that social security is a great stimulus to the development of staff retirement plans. Old-age and survivors insurance is now recognized as a strong base upon which various forms of additional protection can be built. The benefits it provides are not high enough to preclude the need for

supplementation. The moderate level of basic protection under old-age and survivors insurance lends itself to the development of supplementary protection designed to provide a sufficient total of retirement or survivors income. The experience of over 20 years shows a remarkable growth and improvement in private pension plans. In 1935 there were about 1,000 private pension plans covering about 2½ million workers; by 1955 the number of private plans was approaching 20,000 and they covered about 13 million workers.

These 13 million employees, of course, are covered by old-age and survivors insurance as well as by private pension plans. They thus have continuous retirement and survivor protection from old-age and survivors insurance when they, like millions of other American workers, shift from job to job and from one kind of employment to another. Those who make a career or work for a long period with one employer get supplementary benefits under the employer's private pension plan. The private pension plus old-age and survivors insurance makes possible a high level of benefits for employees with one employer in private industry. For example, an employee of Johnson and Johnson who has completed 30 years of service and who has average earnings of \$4,200 a year, or \$350 a month, would get combined benefits of \$216 a month made up of \$108 from the private pension plan and \$108 from old-age and survivors insurance. In similar situations Armstrong Cork provides a total benefit amounting to \$239 a month, including \$108 old-age and survivors insurance, and Eastman Kodak \$243, again including an old-age and survivors insurance benefit of \$108.

PROBLEMS CAUSED BY LACK OF OASI PROTECTION

Like these staff retirement plans in industry, the civil service retirement system is intended to provide mainly for career workers. This concern for the long-service employee is in keeping with the objectives of a staff-retirement plan, but, unlike the arrangement in private industry, in Federal employment there is no base of old-age and survivors insurance coverage to give continuity of protection to the workers who move into and out of Federal employment. This poses a major problem when the over-all retirement and survivor protection of Federal workers is considered because a great many Federal employees are people who work in Federal service for only a part of their working lifetime.

What happens to the retirement and survivors protection of the large number of employees who shift between private industry and the Federal service? The protection they get is largely a matter of chance. Unlike the situation within private industry where a worker's old-age and survivors insurance protection follows him from one job to another, the worker who goes from private industry into Federal employment stops building social security protection.

Some of these employees eventually lose their valuable old-age and survivors insurance protection and cannot acquire

the equivalent in survivor protection under the civil-service retirement system until they have worked in Federal employment for many years. Whether the worker moves into or out of Federal employment, his program of personal security can easily be upset.

For some people whose worklife is divided between the Federal service and private industry, the effects are drastic. Instead of suffering only a temporary or partial loss of protection, some may fail to qualify for benefits under any system. The worker, or perhaps a surviving widow and children, may be left without any benefits except a return of the contributions that the worker made to the civil-service retirement system. On the other hand, in the present haphazard arrangement, many of the workers who shift between civil-service retirement and old-age and survivors insurance qualify for benefits under both systems.

The resulting total benefit amount is likely to be unreasonably large in comparison with even the most liberal standards for pension levels. For example, the civil-service retirement annuity provided under S. 2875 plus the old-age and survivors insurance benefits which some workers would also obtain would, in a number of instances, result in the payment of combined benefits which would be larger than the individual's pay.

S. 2875 includes a provision which is apparently intended to meet some of the problems that occur when employees transfer between Federal employment and private industry. This provision would allow certain employees the choice of transferring credits from civil-service retirement to social security. Instead of solving the problems, this provision would make it possible for some employees to obtain extremely large total benefits by allocating their credits in the most favorable manner under the two systems. Under the provision in S. 2875, these windfall benefits would be subsidized by the Government at a cost of \$12 million a year. This provision, as Senators will recall, was recently stricken from the bill, I am pleased to say.

Senate bills 3041 and 3562 would solve these problems. These are the bills introduced by the Senator from Kansas [Mr. CARLSON] and the Senator from New Jersey [Mr. CASE].

The solution of the difficulties in the present situation can only come through the extension of old-age and survivors insurance coverage to Federal employees as provided by S. 3041 and 3562. If Government employment were covered under old-age and survivors insurance, Federal employees would have protection under both social security and a strong, independent civil-service retirement system. This is the only approach which, on the one hand, would avoid the inequities and the higher-than-necessary costs that are inherent in the present arrangement and, at the same time, would fill the gaps in protection that now occur. The civil-service retirement system would provide very substantial additional benefits to persons who made a career in the Federal Service.

Furthermore, the fact that a worker is going to get an old-age and survivors insurance benefit could then be taken

into account in the provisions of the civil-service retirement system and unreasonable bonuses for those who qualify under both systems could be avoided. The retirement-benefit amounts payable to the worker whose employment is divided between Government and industry would be related to his life-time service instead of being left to chance. A typical career employee with 30 years of Federal Service, whose salary is \$4,800 at retirement at age 65, would get retirement benefits of \$3,102 a year under S. 3562—about \$330 a year more than he would get under S. 2875.

If this employee's pay were \$3,600 at retirement, he would get \$2,460 a year under S. 3562—about \$350 a year more than under S. 2875.

At an \$8,400 a year pay level, the employee would get about \$4,960 under S. 3562 and about \$4,830 under S. 2875.

Moreover, under S. 3562, a retired employee's wife could get social security wife's benefits. Where such wife's benefits were payable, under S. 3562 the total benefit would almost always be substantially larger than under S. 2875.

While the largest increases in benefits under S. 3562 would occur after an employee reaches age 65, the bill would also substantially increase benefits payable upon retirement before age 65.

Let me emphasize that I favor a strong civil-service retirement system for Federal employees, a system which is both financially and administratively independent. I have no desire to establish any relationship between old-age and survivors insurance and civil-service retirement which is any different from that existing between old-age and survivors insurance and some 20,000 private pension plans, or between old-age and survivors insurance and certain State and local government retirement plans.

In the present situation the best method of improving the retirement and survivor protection of Federal employees is to give them the basic protection of social security together with the benefits provided by a strong civil-service retirement system. The extension of social-security coverage to Federal employees would strengthen the civil-service retirement system for career employees by increasing their retirement and survivor benefits. At the same time it would enable the Government to fulfill the responsibility it has, in common with all other employers, to contribute toward retirement and survivor protection for a large number of persons who serve the Government for but a relatively few years.

I hope the Committee on Finance will give some consideration to the suggestion which was made in bills which were not acted upon by the Committee on Post Office and Civil Service. I think the Committee on Finance undoubtedly is the committee which should properly consider the matter.

Some of the amendments which have been adopted today are, I think, beneficial, and helpful to the bill. I am sorry the other amendments were not adopted, because I am more interested in having an effective civil-service law than I am in merely having a bill passed

by one House of Congress, a bill which will not, perhaps, become the law of the land. I am very hopeful that perhaps in the other body a bill can be brought into such shape that it will prove to be acceptable. If not, and if the bill which the Senate will pass today should not become law at this session, I hope the matter will be reconsidered at the next session of Congress.

PERCENTAGE OF PARITY RECEIVED BY AMERICAN FARMERS

Mr. CAPEHART. Mr. President, I hold in my hand photostated copies of four reports issued by Purdue University.

The statistics which appear in those four reports were prepared by the Departments of Agricultural Economics and Agricultural Statistics of Purdue University. The reports were compiled from statistics issued by the Department of Agriculture in Washington.

I ask unanimous consent to have printed in the RECORD as a part of my remarks the following:

Bulletin No. 215, dated January, 1956, which shows the Indiana farm purchasing power to be 70 percent of parity, and the United States farm purchasing power to be at 80 percent of parity.

Bulletin No. 216, dated February, 1956, which shows the Indiana farm purchas-

ing power to be at 70 percent of parity, and the United States farm purchasing power to be at 81 percent of parity.

Bulletin No. 217, dated March, 1956, which shows the Indiana farm purchasing power to be at 71 percent of parity, and the United States farm purchasing power to be at 82 percent of parity.

Bulletin No. 218, dated April 1956, which shows the Indiana farm purchasing power to be at 76 percent of parity, and the United States farm purchasing power to be at 82 percent of parity.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Indiana farm prices No. 215, January 1956

INDEX OF INDIANA FARM PRICES

1910-14.....	100	1929.....	151	1942.....	165	1955-January.....	231
1935-39.....	112.8	1930.....	130	1943.....	188	February.....	230
1947-49.....	283	1931.....	92	1944.....	185	March.....	224
1919.....	217	1932.....	65	1945.....	196	April.....	227
1920.....	198	1933.....	67	1946.....	231	May.....	225
1921.....	121	1934.....	81	1947.....	297	June.....	233
1922.....	121	1935.....	112	1948.....	305	July.....	224
1923.....	123	1936.....	119	1949.....	247	August.....	218
1924.....	126	1937.....	130	1950.....	255	September.....	219
1925.....	152	1938.....	106	1951.....	299	October.....	213
1926.....	150	1939.....	97	1952.....	278	November.....	198
1927.....	140	1940.....	96	1953.....	265	December.....	192
1928.....	148	1941.....	127	1954.....	258	1956-January.....	193

Commodity	Average farm prices used in the Indiana farm price index				January 1956 percent change from—		
	January 1956	December 1955	January 1955	60 months 1910-14	December 1955	January 1955	60 months 1910-14
Hogs.....	\$11.10	\$10.70	\$17.30	\$7.59	+4	-36	+46
Whole milk.....	4.15	4.30	3.95	1.73	-3	+5	+140
Cattle.....	15.40	14.10	17.10	5.69	+10	-9	+172
Corn.....	1.12	1.10	1.39	.58	+2	-19	+93
Eggs.....	.43	.43	.27	.21	0	+59	+105
Soybeans.....	2.23	2.14	2.60	1.07	+4	-14	+103
Wheat.....	1.92	1.89	2.09	.94	+2	-8	+104
Chickens.....	.19	.19	.23	.11	0	-17	+73
Calves.....	22.00	18.00	18.70	7.16	+22	+18	+207
Lambs.....	17.90	16.70	20.40	5.96	+7	-12	+200
Oats.....	.61	.60	.78	.38	+2	-22	+61
Turkeys.....	.30	.30	.28	.15	0	+7	+100
Baled hay.....	19.30	19.98	25.00	16.98	-3	-23	+14
Potatoes.....	1.25	1.25	1.40	.76	0	-11	+64
Apples.....	2.50	2.60	2.70	.97	-4	-7	+158
Wool.....	.41	.41	.47	.21	0	-13	+95
Indexed—1910-14=100							
Indiana farm prices.....	198	192	231	100	+3	-14	+96
Indiana livestock prices.....	199	192	245	100	+4	-19	+99
Indiana grain prices.....	199	195	235	100	+2	-15	+99
Indiana farm purchasing power.....	70	169	82	100	+1	-15	-30
United States farm prices.....	226	223	243	100	+1	-7	+126
Prices paid by United States farmers.....	281	278	283	100	+1	-1	+181
United States farm purchasing power.....	80	80	86	100	0	-7	-20
United States wholesale prices.....	251	249	247	100	+1	+2	+151

	Indiana feed ratios, 1930-39 used as normal for hog-corn and November 1946-October 1950 for the others				January 1956 percent change from—		
	January 1956	December 1955	January 1955	Normal	December 1955	January 1955	Normal
Hog-corn.....	9.9	9.7	12.4	13.7	+2	-20	-28
Whole milk-feed.....	329	339	247	294	-3	+33	+12
Butterfat-feed.....	40	40	32	46	0	+25	-13
Egg-feed.....	13.5	13.4	7.4	10.7	+1	+82	+26
Chicken-feed.....	6.0	5.9	6.2	7.6	+2	-3	-21
Turkey-feed.....	9.4	9.3	7.7	9.7	+1	+22	-3

¹ Revised.

Prepared by Departments of Agricultural Economics and Agricultural Statistics, Purdue University.

Indiana farm prices No. 216, February 1956

INDEX OF INDIANA FARM PRICES

1910-14.....	100	1929.....	151	1942.....	165	1955-February.....	230
1935-39.....	112.8	1930.....	130	1943.....	188	March.....	224
1947-49.....	283	1931.....	92	1944.....	185	April.....	227
1919.....	217	1932.....	65	1945.....	196	May.....	225
1920.....	198	1933.....	67	1946.....	231	June.....	233
1921.....	121	1934.....	81	1947.....	297	July.....	224
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1924.....	126	1937.....	130	1950.....	255	October.....	213
1925.....	152	1938.....	106	1951.....	299	November.....	198
1926.....	150	1939.....	97	1952.....	278	December.....	192
1927.....	140	1940.....	96	1953.....	265	1956-January.....	197
1928.....	148	1941.....	127	1954.....	258	February.....	197

Commodity	Average farm prices used in the Indiana farm price index				February 1956 percent change from—		
	February 1956	January 1956	February 1955	60 months 1910-14	January 1956	February 1955	60 months 1910-14
Hogs.....	\$11.80	\$11.10	\$16.30	\$7.59	+6	-28	+55
Whole milk.....	3.95	4.10	3.90	2.73	-4	+1	+128
Cattle.....	15.00	15.50	17.50	5.69	-3	-14	+164
Corn.....	1.14	1.12	1.39	.58	+2	-18	+97
Eggs.....	.35	.43	.35	.21	-19	0	+67
Soybeans.....	2.29	2.23	2.61	1.07	+3	-12	+114
Wheat.....	1.97	1.92	2.05	.94	+3	-4	+110
Chickens.....	.20	.19	.27	.11	+5	-13	+83
Calves.....	21.00	22.00	20.00	7.16	-5	+5	+193
Lambs.....	18.40	17.90	22.00	5.96	+3	-12	+209
Oats.....	.59	.61	.76	.38	-3	-22	+55
Turkeys.....	.32	.30	.28	.15	+7	+14	+113
Baled hay.....	18.90	19.30	25.20	16.98	-2	-25	+11
Potatoes.....	1.35	1.25	1.40	.76	+8	-4	+78
Apples.....	2.55	2.50	2.70	.97	+2	-6	+163
Wool.....	.37	.41	.46	.21	-10	-20	+76
Indexed, 1910-14=100							
Indiana farm prices.....	197	197	230	100	0	-14	+97
Indiana livestock prices.....	199	198	239	100	+1	-17	+99
Indiana grain prices.....	204	199	234	100	+3	-13	+104
Indiana farm purchasing power.....	70	70	81	100	0	-14	-30
United States farm prices.....	226	226	244	100	0	-7	+126
Prices paid by United States farmers.....	280	281	283	100	0	-1	+180
United States farm purchasing power.....	81	80	86	100	+1	-6	-19
United States wholesale prices.....	251	251	247	100	0	+2	+151

Commodity	Indiana feed rations, 1930-39 used as normal for hog-corn and November 1946-October 1950 for the others				February 1956, percent change from—		
	February 1956	January 1956	February 1955	Normal	January 1956	February 1955	Normal
Hog-corn.....	10.4	9.9	11.7	13.7	+5	-11	-24
Whole milk-feed.....	317	326	244	294	-2	+30	+8
Butterfat-feed.....	40	40	32	46	0	+25	-13
Egg-feed.....	11.0	13.5	9.7	10.7	-19	+13	+3
Chicken-feed.....	6.3	6.0	6.3	7.6	+5	0	-17
Turkey-feed.....	10.0	9.4	7.7	9.7	+6	+30	+3

¹ Revised.

Prepared by Departments of Agricultural Economics and Agricultural Statistics, Purdue University.

Indiana farm prices No. 217, March 1956

INDEX OF INDIANA FARM PRICES

1910-14.....	100	1929.....	151	1942.....	165	1955-March.....	224
1935-39.....	112.8	1930.....	130	1943.....	188	April.....	227
1947-49.....	283	1931.....	92	1944.....	185	May.....	225
1919.....	217	1932.....	65	1945.....	196	June.....	233
1920.....	198	1933.....	67	1946.....	231	July.....	224
1921.....	121	1934.....	81	1947.....	297	August.....	218
1922.....	121	1935.....	112	1948.....	305	September.....	219
1923.....	123	1936.....	119	1949.....	247	October.....	213
1924.....	126	1937.....	130	1950.....	255	November.....	198
1925.....	152	1938.....	106	1951.....	299	December.....	192
1926.....	150	1939.....	97	1952.....	278	1956-January.....	197
1927.....	140	1940.....	96	1953.....	265	February.....	197
1928.....	148	1941.....	127	1954.....	258	March.....	201

Commodity	Average farm prices used in the Indiana farm price index				March 1956 percent change from—		
	March 1956	February 1956	March 1955	60 months 1910-14	February 1956	March 1955	60 months 1910-14
Hogs.....	\$12.30	\$11.80	\$15.50	\$7.59	+4	-21	+62
Whole milk.....	3.80	4.00	3.70	1.73	-5	+3	+120
Cattle.....	15.70	15.00	17.10	5.69	+5	-8	+76
Corn.....	1.17	1.14	1.33	.58	+3	-12	+102
Eggs.....	.35	.35	.36	.21	0	-3	+63
Soybeans.....	2.43	2.29	2.55	1.07	+6	-5	+107
Wheat.....	2.00	1.97	1.98	.94	+2	+1	+113

Indiana farm prices No. 217, March 1956—Continued

INDEX OF INDIANA FARM PRICES—continued

Commodity	Average farm prices used in the Indiana farm price index				March 1956 percent change from—		
	March 1956	February 1955	March 1955	60 months 1910-14	February 1956	March 1955	60 months 1910-14
Chickens.....	\$0.22	\$0.20	\$0.27	\$0.11	+10	-10	+100
Calves.....	18.50	21.00	19.50	7.16	-12	-5	+150
Lambs.....	19.00	18.40	21.10	5.96	+3	-10	+219
Oats.....	.58	.59	.73	.38	-2	-21	+53
Turkeys.....	.32	.32	.28	.15	0	+14	+113
Baled hay.....	17.20	18.90	24.00	16.98	-9	-28	+1
Potatoes.....	1.40	1.35	1.35	.76	+4	+4	+54
Apples.....	2.35	2.55	2.70	.97	-8	-13	+142
Wool.....	.41	.37	.44	.21	+11	-7	+95
Indexed, 1910-14=100							
Indiana farm prices.....	201	197	224	100	+2	-10	+101
Indiana livestock prices.....	202	200	229	100	+1	-12	+102
Indiana grain prices.....	211	204	226	100	+3	-7	+111
Indiana farm purchasing power.....	71	70	79	100	+1	-10	-29
United States farm prices.....	230	226	243	100	+2	-5	+130
Prices paid by United States farmers.....	282	280	284	100	+1	-1	+182
United States farm purchasing power.....	82	81	86	100	+1	-5	-18
United States wholesale prices.....	253	251	247	100	+1	+2	+153

Commodity	Indiana feed ratios—1930-39 used as "Normal" for hog-corn and November 1946-October 1950 for the others				March 1956 percent change from—		
	March 1956	February 1956	March 1955	Normal	February 1956	March 1955	Normal
Hog-corn.....	10.5	10.4	11.7	13.7	+1	-10	-23
Whole milk-feed.....	320	321	242	294	0	+32	+9
Butterfat-feed.....	43	40	33	46	+8	+30	-7
Egg-feed.....	10.9	11.0	10.2	10.7	-1	+7	+2
Chicken-feed.....	6.8	6.3	7.6	7.6	+8	-11	-11
Turkey-feed.....	9.9	10.0	7.8	9.7	-1	+27	+2

¹ Revised.

Prepared by departments of agricultural economics and agricultural statistics, Purdue University.

Indiana farm prices No. 218, April 1956

INDEX OF INDIANA FARM PRICES

1910-14.....	100	1929.....	151	1942.....	165	1955—April.....	227
1935-39.....	112.8	1930.....	130	1943.....	188	May.....	225
1947-49.....	283	1931.....	92	1944.....	185	June.....	233
1919.....	217	1932.....	65	1945.....	196	July.....	224
1920.....	198	1933.....	67	1946.....	231	August.....	218
1921.....	121	1934.....	81	1947.....	297	September.....	219
1922.....	121	1935.....	112	1948.....	365	October.....	213
1923.....	123	1936.....	119	1949.....	247	November.....	198
1924.....	126	1937.....	130	1950.....	255	December.....	192
1925.....	152	1938.....	106	1951.....	299	1956—January.....	197
1926.....	150	1939.....	97	1952.....	278	February.....	197
1927.....	140	1940.....	96	1953.....	265	March.....	201
1928.....	148	1941.....	127	1954.....	258	April.....	216

Commodity	Average farm prices used in the Indiana farm price index				April 1956 percent change from—		
	April 1956	March 1956	April 1955	60 months, 1910-14	March 1956	April 1955	60 months, 1910-14
Hogs.....	\$14.50	\$12.30	\$16.70	\$7.59	+18	-13	+91
Whole milk.....	3.70	3.85	3.50	1.73	-4	+6	+14
Cattle.....	16.30	15.70	18.00	5.69	+4	-9	+185
Corn.....	1.30	1.17	1.33	.88	+11	-2	+124
Eggs.....	.35	.35	.31	.21	0	+13	+67
Soybeans.....	2.09	2.43	2.42	1.07	+11	+11	+151
Wheat.....	2.14	2.00	1.94	.94	+7	+10	+123
Chickens.....	.20	.22	.27	.11	-9	-26	+32
Calves.....	20.00	18.50	19.00	7.16	+8	+5	+179
Lambs.....	19.30	19.00	20.00	5.96	+2	-4	+221
Oats.....	.60	.58	.72	.38	+3	-17	+58
Turkeys.....	.30	.32	.29	.15	-7	+3	+100
Baled hay.....	17.30	17.20	23.30	16.98	+1	-26	+2
Potatoes.....	1.00	1.40	2.50	.76	+14	-36	+111
Apples.....	2.50	2.35	2.50	.97	+6	0	+154
Wool.....	.40	.41	.44	.21	-2	-9	+90
Indexed, 1910-14=100							
Indiana farm prices.....	216	201	227	100	+7	-5	+116
Indiana livestock prices.....	219	203	237	100	+8	-8	+119
Indiana grain prices.....	231	211	220	100	+9	+5	+131
Indiana farm purchasing power.....	76	71	80	100	+6	-5	-24
United States farm prices.....	233	230	247	100	+1	-6	+133
Prices paid by United States farmers.....	284	282	284	100	+1	0	+184
United States farm purchasing power.....	82	82	87	100	0	-6	-18
United States wholesale prices.....	256	253	247	100	+1	+4	+136

Indiana farm prices No. 218, April 1956—Continued

INDEX OF INDIANA FARM PRICE—continued

	Indiana feed ratios, 1930-39 used as normal for hog-corn and November 1946-October 1950 for the others				April 1956 percent change from—		
	Apr. 1956	Mar. 1956	Apr. 1955	Normal	Mar. 1956	Apr. 1955	Normal
Hog-corn.....	11.2	10.5	12.6	13.7	+7	-11	-18
Whole milk-feed.....	300	1 325	233	294	-8	+29	+2
Butterfat-feed.....	41	43	34	46	-5	+21	-11
Egg-feed.....	10.6	10.9	8.8	10.7	-3	+20	-1
Chicken-feed.....	6	6.8	7.7	7.6	-12	-22	-21
Turkey-feed.....	9	9.9	8.2	9.7	-9	+10	-7

¹ Revised.

Prepared by departments of agricultural economics and agricultural statistics, Purdue University.

Mr. CAPEHART. Mr. President, the reason why the Indiana figure is less for these 4 months than the national figure is that Purdue University takes into consideration only the items or the products which are produced in Indiana. Indiana produces no cotton or peanuts, and only a very little tobacco. So those items are not taken into consideration.

The point I wish to make is that in January, 1956, the United States parity for all farm products was 80 percent; in February it was 81 percent; in March it was 82 percent, and in April it was 82 percent, the same as it was in March.

The able Senator from Oklahoma [Mr. KERR] and I have been having colloquies and debates on this subject over a period of time. On April 24 he made a statement that the average parity in the United States was 70 percent or less. I took exception to that statement and said that at the time it was 82 percent. But in the statement I made I said that the able Senator from Oklahoma knew that he was mistaken and that he knew that what he had said was untrue when he made the statement.

I now find, upon checking, that the able Senator from Oklahoma had satisfied himself that he did not know that he had made a mistake; that he thought parity was 70 percent, and that the statistics and figures given to him indicated 70 percent, which was, of course, the correct figure for some items at that time, and was the correct figure for the Indiana prices.

I regret that I said what I did in respect to the able Senator from Oklahoma, because, as I said a moment ago, I have found that while his figures was wrong, he himself did not know it. I desired that the RECORD show this, because I want any Senator, at any time I make a mistake, to call it to my attention. Whenever I use any figures or make any statements which are incorrect, I want to know about it, because I desire that the correct statement appear in the RECORD. I think at all times we ought to have in the RECORD figures which are correct.

All of us make mistakes. I am as susceptible to making mistakes from time to time as is anyone else. It is very easy to use incorrect statistical information, considering the volume of figures we deal with in the Senate.

Mr. KERR. Mr. President, I express appreciation to the Senator from Indiana for his statement that he has found he was in error when he charged on the

Senate floor that the senior Senator from Oklahoma had knowingly made a false statement.

I have always had the highest regard for the distinguished Senator from Indiana. I have always enjoyed debating with him. I appreciate the fact that he is a hard, tough, slugging debater; and I like that. I admire that trait, and do not hold it against any man. I love to stand up, toe to toe, and slug it out with those who want to slug. The Senator from Indiana loves it and is able to do it. I am glad that the situation is now on the basis where he and I can continue to do that.

I thank the Senator from Indiana for what he has done. I was convinced on April 24 that I gave accurate figures as to what the farmers were receiving for what they sold.

On the basis of the information I have received since then from farmers, and from many other sources in which I have the utmost confidence, I am completely convinced that the statement which I made is correct.

I wish to say this to the Senator from Indiana: On the basis of figures he has, I can understand how he can conclude, on the basis of those who have reported—and therefore he is entitled to believe it if he desires to—that payments were received at a higher percentage than that stated by the Senator from Oklahoma. But, Mr. President, I still say that if my distinguished colleague from Indiana will go to the grassroots, where the farmers live, and where they have to sell their products, he will find, on the basis of their take-home money, the Senator from Oklahoma was justified in making the statement he did on the basis of what he believed. He will also find the statement justified, I think, and I know it is true of Oklahoma, on the basis of what the farmers are actually receiving in the form of take-home pay for their average parity receipts.

Mr. CAPEHART. Mr. President, I have never stated that I believed the prices were not too low. While prices today are much better than they were 90 days ago, I think they are still too low. No one is more familiar with farm prices, except for cotton and peanuts, than I am. I know what things cost on the farm, and I know what farmers receive.

Mr. KERR. I am aware of the fact that the price of hogs is substantially above what it was on April 24. Prices of cattle have improved very little, if any. Prices of grain sorghums have not

improved. There are many other products which, until the passage of the agriculture bill and as a result of its effect, were very little improved, so far as price was concerned, from what they were on April 24.

Mr. President, I am glad the Senator from Indiana has said he thought farm prices were much too low. I want to say to him I am quite sure that may be the most significant statement he has made insofar as concerns farm people agreeing with the Senator as to his conclusions. I also want to say to him he has made a statement with which I can fully agree, and with which the farm people in Oklahoma can agree, and I am happy we have found a common ground upon which we can agree about the facts.

REVISION OF CIVIL SERVICE RETIREMENT ACT

The Senate resumed the consideration of the bill (S. 2875) to revise the Civil Service Retirement Act.

Mr. WILLIAMS. Mr. President, I have an amendment to the committee amendment at the desk, which I ask the clerk to state.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed on page 49, lines 17 to 19, strike out "from each employee's and Member's basic salary an amount equal to 7 percent of such basic salary" and insert in lieu thereof the following:

From each employee's basic salary an amount equal to 7 percent of such basic salary and from each Member's basic salary an amount equal to 8 percent of such basic salary.

On page 51, in last line of the matter preceding line 1, strike out "7" and insert in lieu thereof "8."

On page 59, line 2, change the comma to a period, and strike out all thereafter through line 7.

Mr. WILLIAMS. Mr. President, the amendment which I have proposed deals only with that phase of the bill which affects the retirement of Members of Congress.

The first proposal changes the rate of contribution for Members of Congress from 6 percent, as provided under the existing law, to 8 percent rather than the 7 percent figure mentioned in the bill.

The reason for making that change is that, under the formula as provided,

Members of Congress are treated more liberally than any other employees who would be benefited under the bill. I feel it is only fair, if Members of Congress are to have the benefit of a better formula, that they should contribute more for the benefits they will receive.

It is my opinion that the improved formula for congressional retirement should have been stricken from the bill, but by a previous vote the Senate has adopted the more liberal provision. Now, our only recourse is to raise the Members contribution rate to take care of the added benefits.

The second proposal is to strike out lines 2 through line 7 on page 59, which would give to the Members of Congress the right to retire at the age of 60 with full benefits. I quote the language proposed to be stricken from the bill:

And any Member who is separated from the service or transferred to a position not within the purview of this act after completing 10 years of Member service may be paid an annuity beginning at the age of 60 years, computed as provided in such section.

Under the existing law, Members of Congress may retire at full annuity only at the age of 62. This bill provides that after 10 years of service a Member of Congress may retire at the age of 60.

Such consideration is not given to other Government employees. The Finance Committee refused to lower the retirement age of other employees under social security. Certainly the Members of Congress are not going to repudiate that action and reduce their own retirement age by 2 years when we have told all social-security employees that we are not going to lower their retirement age.

Mr. President, I cannot conceive of there being too much objection to the amendment. I wonder if the chairman of the committee will consider accepting it.

Mr. CAPEHART. Mr. President, if the Senator will yield, I should like to join with the Senator from Delaware in supporting the amendment.

Mr. BUSH. Mr. President, I also wish to express my approval of the Senator's view on it, and strongly support the amendment. I hope the chairman of the committee will accept the amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I do not accept the amendment. I think Members of Congress and attachés should be treated like every other employee of the Government. I think the same number of years should be used to arrive at the average. The contribution of Members of Congress has been raised from 6 to 7 percent, as has that of other employees. For that reason I do not see why we should make any difference between Members of Congress and other employees.

Mr. WILLIAMS. Under the bill Members of Congress will now get the benefit of the same formula of the 5-year average. Our annuity is computed on the basis of 2½ percent, whereas other employees will now have their computed on the basis of 2 percent. Therefore, we would get more out of the bill in proportion to what we pay in than they will.

I think it is only fair that we should contribute more, and at the same time certainly we should not be proposing to reduce the retirement age for ourselves when we have rejected a proposal for others.

Mr. JOHNSTON of South Carolina. The situation is different for Members of Congress. There is law that a person cannot serve in the House of Representatives until he is 25 years of age. A person can become a civil service employee at the age of 18. A Member of Congress reaches civil service status later in life.

Another point is that Members of Congress are elected by the people. We do not see them retiring when they reach the age of 60, 62, 70, or 75. They stay in Congress until they are 80, 85, and 86. Many of them serve as long as they live and are able to work. I think it is one of the safest and soundest funds we have in existence.

Mr. WILLIAMS. I might say to the Senator from South Carolina that I am fully in agreement with a sound Congressional retirement system. I think it is a sound part of our government. On the other hand, the Senator from South Carolina speaks of the fact that men come to Congress and stay until they are 70 or 80 years of age. Maybe that is good, and maybe it is bad, but anyone who stays in service beyond the age of 62 is in no way affected by the second part of the amendment. Why should not the others have to make a living when they leave Congress at an early age, the same as other people. It was never intended that a person should serve in Congress 5 or 6 years and then retire for the rest of his life at the expense of the taxpayers.

Furthermore, if Congress wants a good retirement system they should expect to pay for it.

Mr. JOHNSTON of South Carolina. The Senator's amendment would reduce the age from 62 to 60; would it not?

Mr. WILLIAMS. No. The committee amendment would reduce the age from 62 to 60. My amendment would restore the age to that provided by the existing law.

Mr. JOHNSTON of South Carolina. I should like to call the attention of the Senator from Delaware to the fact that under the provisions of the committee amendment, they cannot retire until they reach the age of 60 and have served 30 years. That provision is the same as the one which, under the committee amendment, applies to other workers. So I see no reason for providing for a different retirement age in the case of Members of Congress.

Mr. WILLIAMS. Then why does not the Senator from South Carolina support my amendment? In the first place he is wrong in the statement he has just made.

Mr. JOHNSTON of South Carolina. Is the Senator from Delaware attempting to reduce the age of retirement?

Mr. WILLIAMS. No; that's what you are trying to do. On page 59 of the committee amendment we find the provision that "any Member who is separated from the service or transferred to a position

not within the purview of this act after completing 10 years of Member service may be paid an annuity beginning at the age of 60 years, computed as provided in such section."

My amendment proposes to strike this language out and thereby reject the committee's proposal that the retirement age for Members of Congress should be lowered.

Under existing law he cannot retire until he has attained age 62.

Mr. JOHNSTON of South Carolina. That applies to all employees.

Mr. WILLIAMS. No, I am speaking now only as it affects Members of Congress.

Mr. JOHNSTON of South Carolina. A Member of Congress who has served only 10 years receives, not a full retirement annuity, but only an annuity computed on the basis of the payments he has made during his 10 years of service.

Mr. WILLIAMS. That is not true. The committee bill provides for congressional retirement at the age of 60 with no reduction. Earlier this afternoon the Senate rejected a proposal to strike from the committee amendment the section which would allow earlier retirement for other employees, after 30 years of service. I am not bringing up that issue again. My amendment affects only Members of Congress. It does not even affect employees of Members of the Senate or employees of Members of the House of Representatives, because such employees are not in exactly the same position as are Members of Congress, with respect to retirement benefits.

I say that Members of Congress have no right to receive more from the retirement system than does any other employee inasmuch as Members of Congress pay into the system only the same amount that other employees do. If Members of Congress wish to receive greater benefits, they should make greater payments. However, the committee amendment provides for greater benefits for Members of Congress without requiring that they make these greater payments. That is the inequity which I am trying to correct.

If the Senator from South Carolina would prefer, I am prepared to offer an amendment to strike from the committee amendment all provision for a change in the benefits to be received by Members of Congress. In that way the benefits of Members of Congress would remain as they are at the present time. Frankly, that is what I think should be done, but by an earlier vote the Senate decided otherwise.

Mr. JOHNSTON of South Carolina. The amendment of the Senator from Delaware would increase by 1 percent the contributions made by Members of the House and Members of the Senate and by all legislative attachés, but they would not receive any increase in return.

Mr. WILLIAMS. No, Mr. President, it does not affect legislative employees. Under the formula in existing law, the Members of Congress pay 6 percent into the retirement fund. However, when Members of the House and Members of the Senate compute their retirement annuities under the provisions of existing law their annuities are 60 percent

higher than those of any other Government employee. The committee amendment would increase by 1 percent the contributions made by both Members of Congress and other employees, but under the committee amendment the Members of Congress would be receiving 25 percent more than would other employees. Therefore, why should not Members of Congress pay into the retirement fund more than other employees?

Mr. JOHNSTON of South Carolina. Would the amendment of the Senator from Delaware increase from 7 percent to 8 percent the contributions made by Senators, Representatives, and attachés of the two Houses of Congress?

Mr. WILLIAMS. No; my amendment would increase only the amount that Members of Congress would pay but not the amount that attachés would pay. My amendment affects Members of Congress only.

Mr. JOHNSTON of South Carolina. Does the Senator from Delaware know that the legislative attachés are under the same system that Members of Congress are under? The Senator's amendment would penalize the Members of Congress, but would give to the attachés benefits which would not be given to the Members of Congress.

Mr. WILLIAMS. No, Mr. President; that is not true. If the Senator from South Carolina will study the committee amendment, he will find that under its provisions Members of Congress can compute their retirement benefits on the basis of 2½ percent regardless of the number of years served; but an attaché can compute his highest benefits only on the basis of 15 years of service. There is a difference.

If the Senator from South Carolina wishes to bring the attachés under some other formula, I suggest that he submit such an amendment.

Mr. JOHNSTON of South Carolina. But that has been the law all the time.

Mr. WILLIAMS. No; it was passed about 2 years ago.

Mr. CURTIS. Mr. President, will the Senator from Delaware yield to me?

The PRESIDING OFFICER (Mr. LAIRD in the chair). Does the Senator from Delaware yield to the Senator from Nebraska?

Mr. WILLIAMS. I yield.

Mr. CURTIS. How many ideas are included in the Senator's amendment?

Mr. WILLIAMS. Two. One is to increase the rate from 7 percent to 8 percent. The committee amendment as now written proposes a rate of 7 percent, but that rate is applicable to all other employees. Inasmuch as—on the basis of the vote taken a few minutes ago Members of Congress will, under the provisions of the committee amendment, have the benefit of the higher formula. I felt that they should pay more than do the other employees.

The second provision of my amendment will strike out that section of the committee amendment which would give the Members of Congress the right to retire 2 years earlier than they are able to retire under the provisions of existing law. Under existing law a Member of Congress with 10 years of service can

retire with full benefits at age 62. Under the committee amendment it is proposed to reduce that age to 60 but still to permit a Member of Congress to receive the full benefits.

Mr. CURTIS. When the Congressional Retirement Act was passed, was the contribution the same as that for civil service employees, or 1 percent higher?

Mr. WILLIAMS. I was not here at the time, but I think it was the same. My understanding is that it is the same.

Mr. BARRETT. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. BARRETT. I should like to see whether I understand the amendment of the Senator from Delaware. It is my understanding that the annuities of Members of Congress are computed on the basis of 2½ percent of their salaries. Does the Senator from Delaware say that, for that reason, the Members of Congress should pay at a higher rate?

Mr. WILLIAMS. Yes; and that will be required as a result of the vote taken earlier this afternoon, for the Senate has now approved the part of the committee amendment which provides that in computing their retirement annuities, from now on, the Members of Congress will use their average salary for a period of 5 years, rather than use their average salary for the entire period of their service. Heretofore, we have used our average salary for our entire period of service, but when the amendment of the Senator from Kansas [Mr. CARLSON] was rejected, and when the new formula was approved, automatically the retirement benefits of Members of Congress were increased. If the retirement benefits of Members of Congress are to be increased out of proportion, as compared to the others, by the same token I think Members of Congress should pay more.

Mr. BARRETT. Has the Senator from Delaware made an investigation to determine whether his amendment would make the system actuarially sound, in so far as Members of Congress are concerned?

Mr. WILLIAMS. I am convinced that my amendment, if adopted, will not make the system actuarially sound. Neither will the system be made actuarially sound as a result of adoption of the provision of the committee amendment calling for 7 percent in the case of employees. As a matter of fact, the Civil Service Commission has said that if the system is to be made actuarially sound, a payroll tax of 20.6 percent will be required—to be divided in some manner between the Government and the employees.

Therefore, my amendment to the committee amendment will not make the system actuarially sound, but it will reduce the inequity which would exist if the Members of Congress were to receive benefits higher than those received by the other employees and yet be paying no more.

Mr. BARRETT. In any event, the Senator's amendment would make the system sounder, would it?

Mr. WILLIAMS. Yes; it would.

Mr. BARRETT. Does the Senator's amendment apply to the legislative employees?

Mr. WILLIAMS. No, it does not; for the reason that the legislative employees are receiving benefits half way between those provided for civilian employees and those provided for the Members of Congress, in that the legislative employees can use, in the case of 15 years of their service, the same formula used by Members of Congress; and thereafter the legislative employees formula would revert, not to the 2 percent called for by the committee amendment, but to the old 1½ percent formula of existing law for 5 years. Then after 20 years service they could receive the benefits provided under this increase.

Under such circumstances, I felt it would be only fair not to have my amendment apply to the legislative employees. Frankly, as I view the situation, I do not believe they will receive too much benefit from the provisions of the committee amendment.

Mr. CURTIS. I thank the Senator from Delaware.

Mr. COTTON. Mr. President, I wish to commend the Senator from Delaware for his amendment to the committee amendment. I think his amendment is a fair one; and all along I have had in mind that such a provision should be made.

So I shall support the amendment, and I hope it is agreed to.

Mr. WILLIAMS. Mr. President, inasmuch as the Senator from South Carolina [Mr. JOHNSTON] does not wish to accept this proposal I ask for the yeas and nays on the question of agreeing to my amendment to the committee amendment. I am willing to have the vote taken now.

So, Mr. President, on the question of agreeing to my amendment to the committee amendment, I request the yeas and nays.

The yeas and nays were not ordered.

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLOTT. Mr. President, I should like to direct a question to the chairman of the committee, in order to clear up a certain point. I understand that he is willing to reply to it.

In this morning's Washington Post and Times Herald, in the last paragraph on page 17, in an article on this subject, I find the following:

These are among the amendments under consideration:

To limit the amounts that could be paid survivors to \$1,800 a year for surviving children or 80 percent of the employee's basic salary, and finally, to reduce the benefits that could be paid Members of Congress under the Johnston bill. After 5 years under

the Johnston bill, an eligible Member of Congress could retire on an \$18,000 annuity.

It seems to me that one of the things we owe to ourselves and to the public is to keep the record as to what Members of Congress receive absolutely straight and out in the open, so that the public will have a fair opportunity to judge it, and so that no misconceptions may be based upon it. Therefore I should like to direct this question to the chairman of the committee: Is what the statement which I have read apparently purports to say true? The writer may have had something different in mind, but what is the situation?

Mr. JOHNSTON of South Carolina. I read the article this morning, and prepared a statement in that connection, which I shall be glad to present.

Mr. ALLOTT. If it is in order, I should like to yield to the Senator from South Carolina in order that he may present the statement which he has prepared.

Mr. JOHNSTON of South Carolina. I shall be glad to do so.

Mr. President, it is not my practice to refute inaccurate or even unfair or slanted articles that appear in the public press. However, I feel justified in making an exception to this self-imposed rule of mine on this occasion. I feel it is necessary as a matter of fairness to the members of the Post Office and Civil Service Committee on both sides of the table who voted unanimously to report S. 2875, the bill which is now before the Senate.

The article to which I refer states that one of the provisions of the Johnston bill which the Republicans propose to scale down relates to Members of Congress. The article states:

To reduce the benefits that could be paid Members of Congress under the Johnston bill. After 5 years under the Johnston bill, an eligible Member of Congress could retire on an \$18,000 annuity.

The facts are that under both the present law and the Johnston bill retirement benefits for both Members of Congress and employees of the Government are based on the length of creditable service. For a Member of Congress to receive the annuity indicated in the article, it would be necessary for the Member to have 32 years of service. That is true under the present law, and it would still be true under the Johnston bill.

After the increase in salary to \$22,500, he would have to serve 5 years in order to have his 5 highest years counted. He would have to serve 32 years in Congress. Five of those years would have to be after the increase came about, in order for him to receive an annuity of the amount indicated.

If the article was written to make it appear that the Johnston bill contains any "bundle for Congress provision," it is deplorable. If it was written through ignorance of the present law and ignorance of the provisions of the Johnston bill, it is regrettable. In either case, I wish to have the record stand corrected in order that my colleagues on the committee, Republican and Democrat alike, will not stand falsely accused.

Mr. ALLOTT. I thank the distinguished chairman of the committee for that explanation.

Mr. JOHNSTON of South Carolina. I think that answers the Senator's question. My statement shows that the article is unfair when it refers to the period of 5 years. There would have to be a period of 5 years' service after the increase in salary, and there would have to be enough total service in the House or Senate to make up 32 years of service.

Mr. ALLOTT. I thank the Senator. I do not impute any motive to the writer of the article. It may be a case in which the writer intended one thing, and the information which he conveyed was actually something entirely different. I am sure that a great many people who read the article had to place their eyeballs back in their sockets before they could continue reading it.

Mr. WILLIAMS. Mr. President, I noticed the article to which reference has been made. I believe I understand where the writer made his error and I think it was unintentional. Apparently he read the section of the bill which provides that Members of Congress may be permitted to compute their retirement annuity on the basis of an average of 5 years. Under existing law, it is 6 years.

In the same section, a ceiling of 80 percent is placed on the amount which a Member of Congress may draw. So mathematically 80 percent of \$22,500 would be the \$18,000 to which the article refers. However, if one will read the entire section of the bill he will find that it would require 32 years of service for any man ever to receive maximum benefits and then his average salary would have to have been \$22,500, and his full contributions for the entire period would have had to have been paid.

Mr. BUSH. Mr. President, will the Senator from Colorado yield, in order that we may renew our request for the yeas and nays on the Williams amendment?

Mr. ALLOTT. I shall yield the floor in just a moment.

In closing, let me say that I am sure many Members of this body have had the experience of hearing from a constituent that they were receiving many benefits which they were not actually receiving. It therefore seemed important to me to clear up this question.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] to the committee amendment.

Mr. BUSH. Mr. President, I renew the request for the yeas and nays on the Williams amendment.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] to the committee amendment. [Putting the question.]

Mr. KNOWLAND. Mr. President, I ask for a division.

On a division the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The committee amendment, as amended, is

open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. WILLIAMS. Mr. President, I shall not delay the vote on the final passage of the bill, but I do wish to point out that the bill is not as fair a retirement bill as some people have pictured it. Much has been said here today about liberalized benefits for employees in the low-income brackets. In that connection I should like to point out that under the formula provided in the bill, it would give most of the benefits to those who earn in excess of \$5,000, and that the employees who earn \$2,500 or less get absolutely no benefit whatever under the bill. Those who earn between \$2,500 and \$5,000 get from zero to 100 percent of the benefits.

The point has been made, "So what? There are not many of those low paid employees in the United States Government who would be adversely affected by the Johnson bill; there are not many employees who earn less than \$2,500."

I have asked the Civil Service Commission to supply me with some figures, and the Commission has done so through its Mr. Maurice S. Brown, Chief Actuary, Retirement Division. The figures were submitted to me under date of May 22, 1956. Mr. Brown points out that there are 29,206 employees who earn under \$2,500. In no way do those employees get any benefits whatever under the Johnson bill now before the Senate, as far as the liberalized formula is concerned.

They will get some greater survivorship benefit, but that increase is negligible.

In addition to that, there are 983,259 employees whose salary is \$4,000 and less. Those employees will benefit to the extent of only about one-half of that which the higher salaried employees get.

Furthermore, there are 1,684,837 employees on the payroll of the United States who do not draw the full benefits of the proposed increased formula extended to those in the upper income brackets by the Johnson bill.

I make this statement so that Senators will know what they are voting for, particularly because we have heard so much said here today about the benefits that will go to the low-income groups. Senators who have expressed so much concern for some of the low-income groups are voting for a bill which in no way affects those who need the benefits the most but does greatly increase their own retirements by the largest percentage of all.

The figures I have quoted were furnished to me by Mr. Brown, the Chief Actuary of the Civil Service Commission. It should be pointed out again that the formula that has been approved for

Members of Congress will give the largest benefits of all to the Members of Congress, notwithstanding the fact that the last amendment to be voted on did correct that situation to a substantial degree.

I repeat, under the Johnson bill a \$2,500 employee gets no increase in his annuity. A \$3,000 employee with 30 years of service gets 7½ percent, while a \$4,000 employee gets 19.2 percent increase, whereas all those with \$5,000 salary or over get a flat 27.7 percent increase. The same differential applies to any other age bracket.

This is not a sound and equitable retirement bill, and it should be rejected.

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill (S. 2875) was passed.

HIGHWAY LEGISLATION

Mr. CASE of South Dakota. Mr. President, the legislative calendar, as it has been announced for the end of this week or the first part of next week, contemplates the consideration by the Senate of the so-called highway bill.

The members of the Committee on Public Works, particularly the members of the Subcommittee on Roads, are aware of the fact that one of the major questions that will come before the Senate will concern the formula for the distribution of highway funds, particularly the apportionments to be made to the several States for the so-called interstate system of roads.

The figures are so amazing to those of us who have given the matter some study, that I believe it to be desirable that certain tables be placed in the RECORD, so that Members of the Senate may have an opportunity to examine them and study them and consult them before the bill comes to the floor of the Senate.

Therefore, I have assembled certain data which I shall ask unanimous consent to insert in the RECORD. As I present the tables, I shall make brief comments.

First, I should like to insert a table which gives the approximate apportionment under H. R. 10660 of interstate system funds for fiscal years 1957 and 1958 combined.

The table, in one column, gives the figures as adopted by the House, and in the adjoining column the figures as reported by the Senate Committee on Public Works. The discrepancies between the two figures are so outstanding that I am sure they will be of interest to every Member of the Senate who examines them.

The apportionment provided in the House version of the bill is stated to represent and reflect an estimate of needs. The apportionment that is provided in the Senate committee version of the bill is that which was set up in the Highway Act of 1954, in which one-half of the money for the interstate fund is apportioned on the basis of population, one-sixth on the basis of area, one-sixth on the basis of mileage, and one-sixth on the basis of population. That is a carryover of the old one-third, one-

third, one-third on mileage, area, and population under the regular formula of Federal assistance.

The act of 1954 in section 13 directs the Secretary of Commerce to prepare an estimate of need for the Nation's 2,350,000 miles of roads, streets, and highway.

Mr. George T. McCoy, president, American Association of State Highway Officials, in testifying before the Subcommittee of the Committee on Public Works on February 21, 1955, stated:

The State highway departments cooperated with the Bureau of Public Roads in this undertaking. Please bear in mind that this is an estimate and not a proposed program, and it is the first time that an attempt has been made to place a dollar value upon the total highway needs of the Nation. The estimate was made on the basis of providing an interstate system for the indicated needs of 1947 and for all other roads and streets for the needs during the next 10 years.

Despite the warning that that estimate was not a proposed program but was based upon an invitation to the several States to indicate how much they would like to have in order to build an interstate system in their respective States, it has been used by the House of Representatives, in the bill as reported, as a basis of apportionment.

The results are so unusual that I decided to ask the Bureau of Public Roads for certain figures. The table I received gives the mileage of the interstate system for the several States and the average cost per mile of the interstate system based upon the formula which the House has used.

I also asked for and received tables which show the construction cost per mile on the interstate system for the urban sections and for the rural sections of the interstate system. The tables are broken down into right-of-way, grading, surface, and structures. The tables also show the total figures.

Accompanying those tables was a letter from Commissioner C. D. Curtiss, of the Department of Commerce, Bureau of Public Roads, in which Captain Curtiss says:

You will see that there is considerable variation as would be expected due to differences in specifications used in different States, as well as differences in terrain, soil types, local materials, wage rates, traffic loads, and many other factors.

In other words, Captain Curtiss says that different specifications were used in the different States.

Then he goes on to say:

As you know, the Bureau did not edit or otherwise alter the individual State estimates submitted in the above-mentioned study.

Because the Bureau did not edit or otherwise alter the individual State estimates, the formula used by the House of Representatives is what each State thought it could use in building the interstate system, according to the standards they wanted.

At the time the question was submitted to the States, some of them assumed that the interstate system would be built on a 50-50 matching basis; some of them thought it would be built on a

60-40 matching basis; and some of them thought it would be built on a 90-10 matching basis. Consequently, their belief as to what they could get from the Federal Government affected the estimates they made.

To illustrate that, Mr. President, may I point out that in the table which Commissioner Curtis furnished me we find that the State of New Jersey, for example, has used estimates which would make its interstate system draw \$6,652,000 per mile.

Pennsylvania, on the other hand, which is much more conservative, made estimates which would draw for the State of Pennsylvania not \$6,652,000 per mile, but only \$557,000 per mile, which is slightly over half a million dollars per mile, whereas its neighboring State would get \$6,652,000.

Other figures are similarly startling. For example, the State of Indiana would draw \$812,000 per mile, while its neighboring State of Illinois, with some urban roads to consider, would draw only \$638,000 per mile.

In attempting to find out how this happened, I requested these tables, which show a breakdown of the right-of-way, grading, surfacing, structures, and other factors entering into the computations. A table for the interstate system, urban section, shows that 10 percent in the range in total cost per mile in Indiana runs to \$2,356,000 per mile, whereas in Illinois it is only \$610,000 per mile.

The State of New York estimated for surfacing, after the right-of-way, grading, and structures had been taken care of, \$220,000 per mile, whereas the State of New Jersey estimated \$450,000 per mile.

I cite these illustrations to indicate the great variations which exist in the estimates which the House of Representatives formula has used as a basis of need.

I suggest that all Members of the Senate will want to consult these tables to see how unrealistic these estimates were as determining the needs of the several States. Therefore, Mr. President, I ask unanimous consent that I may insert at this point in the RECORD the tables and the letters to which I have referred, in the order in which I have them numbered.

There being no objection, the tables and letters were ordered to be printed in the RECORD, as follows:

Approximate apportionment under H. R. 10660, of Interstate System funds for fiscal years 1957 and 1958 combined

State	As passed by House (p. 10 of House report) (\$2,725,000,000)	As reported out by Senate Public Works Committee (p. 1, committee print) (\$2,750,000,000)
*Alabama.....	\$42,782,000	[\$55,900,000]
*Arizona.....	24,525,000	[31,600,000]
*Arkansas.....	23,707,000	[39,900,000]
California.....	271,955,000	136,800,000
*Colorado.....	18,257,000	[37,600,000]
Connecticut.....	65,127,000	26,400,000
*Delaware.....	7,630,000	[17,200,000]
Florida.....	58,042,000	46,800,000
Georgia.....	82,022,000	64,100,000
*Idaho.....	12,535,000	[27,800,000]
*Illinois.....	124,805,000	[129,600,000]
Indiana.....	101,642,000	66,900,000

Footnote at end of table.

S. 2875

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1956

Referred to the Committee on Post Office and Civil Service

AN ACT

To revise the Civil Service Retirement Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Civil Service Retirement Act of May 29, 1930, as
4 amended, is amended to read as follows:

5 “DEFINITIONS

6 “SEC. 1. Wherever used in this Act—

7 “(a) The term ‘employee’ shall mean a civilian officer
8 or employee in or under the Government and, except for
9 purposes of section 2, shall mean a person to whom this Act
10 applies.

11 “(b) The term ‘Member’ shall mean the Vice Presi-
12 dent, a United States Senator, Representative in Congress,

1 Delegate from a Territory, or the Resident Commissioner
2 from Puerto Rico, and, except for purposes of section 2,
3 shall mean a Member to whom this Act applies.

4 “(c) The term ‘congressional employee’ means an em-
5 ployee of the Senate or House of Representatives or of a
6 committee of either House, an employee of a joint committee
7 of the two Houses, an elected officer of the Senate or House
8 of Representatives who is not a Member of either House, the
9 Legislative Counsel of the Senate and the Legislative Coun-
10 sel of the House of Representatives and the employees in
11 their respective offices, an Official Reporter of Debates of the
12 Senate and a person employed by the Official Reporters of
13 Debates of the Senate in connection with the performance of
14 their official duties, a member of the Capitol Police force, an
15 employee of the Vice President if such employee’s compen-
16 sation is disbursed by the Secretary of the Senate, and an em-
17 ployee of a Member if such employee’s compensation is dis-
18 bursed by the Secretary of the Senate or the Clerk of the
19 House of Representatives.

20 “(d) The term ‘basic salary’ shall not include bonuses,
21 allowances, overtime pay, or salary, pay, or compensation
22 given in addition to the base pay of the position as fixed by
23 law or regulation: *Provided*, That the term ‘basic salary’
24 shall not include military pay for persons who enter upon
25 active military service after the effective date of this Act:

1 *And provided further*, That for employees paid on a fee
2 basis, the maximum amount of basic salary which may be
3 used shall be \$10,000 per annum. For a Member, the term
4 'basic salary' shall include, from April 1, 1954, to February
5 28, 1955, the amount received as expense allowance under
6 section 601 (b) of the Legislative Reorganization Act of
7 1946, as amended, and such amount from January 3, 1953,
8 to March 31, 1954, provided deposit is made thereon as
9 provided in section 4.

10 “(e) The term 'average salary' shall mean the largest
11 annual rate resulting from averaging, over any period of
12 five consecutive years of creditable service, a Member's or
13 an employee's rates of basic salary in effect during such
14 period, with each rate weighted by the time it was in effect.

15 “(f) The term 'fund' shall mean the civil service retire-
16 ment and disability fund created by the Act of May 22,
17 1920.

18 “(g) The terms 'disabled' and 'disability' shall mean
19 totally disabled for useful and efficient service in the grade or
20 class of position last occupied by the employee or Member
21 by reason of disease or injury not due to vicious habits, in-
22 temperance, or willful misconduct on his part within the
23 five years next prior to becoming so disabled.

24 “(h) The term 'widow', for purposes of section 10,
25 shall mean the surviving wife of an employee or Member

1 who was married to such individual for at least two years
2 immediately preceding his death or is the mother of issue
3 by such marriage.

4 “(i) The term ‘widower’, for purposes of section 10,
5 shall mean the surviving husband of an employee or Member
6 who was married to such employee or Member for at least
7 two years immediately preceding her death or is the father
8 of issue by such marriage. The term ‘dependent widower’,
9 for purposes of section 10, shall mean a ‘widower’ who is
10 incapable of self-support by reason of mental or physical
11 disability, and who received more than one-half his support
12 from such employee or Member.

13 “(j) The term ‘child’, for purposes of section 10, shall
14 mean an unmarried child, including (1) an adopted child,
15 and (2) a stepchild or recognized natural child who received
16 more than one-half his support from and lived with the Mem-
17 ber or employee in a regular parent-child relationship, under
18 the age of eighteen years, or such unmarried child regardless
19 of age who because of physical or mental disability incurred
20 before age eighteen is incapable of self-support.

21 “(k) The term ‘Government’ shall mean the executive,
22 judicial, and legislative branches of the United States Gov-
23 ernment, including Government-owned or controlled cor-
24 porations and Gallaudet College, and the municipal govern-
25 ment of the District of Columbia.

1 “(1) The term ‘lump-sum credit’ shall mean the unre-
2 funded amount consisting of (1) the retirement deductions
3 made from the basic salary of an employee or Member, (2)
4 any sums deposited by an employee or Member covering
5 prior service, and (3) interest on such deductions and de-
6 posits at 4 per centum per annum to December 31, 1947,
7 and 3 per centum per annum thereafter compounded annu-
8 ally to December 31, 1956. The lump-sum credit shall not
9 include interest if the service covered thereby aggregates one
10 year or less, nor shall it include interest for the fractional
11 part of a month in the total service.

12 “(m) The term ‘Commission’ shall mean the United
13 States Civil Service Commission.

14 “(n) The term ‘annuitant’ shall mean any former em-
15 ployee or Member who, on the basis of his service, has met
16 all requirements of the Act for title to annuity and has filed
17 claim therefor.

18 “(o) The term ‘survivor’ shall mean a person who is
19 entitled to annuity under this Act based on the service of a
20 deceased employee or Member or of a deceased annuitant.

21 “(p) The term ‘survivor annuitant’ shall mean a sur-
22 vivor who has filed claim for annuity.

23 “(q) The term ‘service’ shall mean employment which
24 is creditable under section 3.

25 “(r) The term ‘military service’ shall mean honorable

1 active service in the Army, Navy, Air Force, Marine Corps,
2 or Coast Guard of the United States, but shall not include
3 service in the National Guard except when ordered to active
4 duty in the service of the United States.

5 “(s) The term ‘Member service’ shall mean service as
6 a Member and shall include the period from the date of the
7 beginning of the term for which the Member is elected or
8 appointed to the date on which he takes office as a Member.

9 “COVERAGE

10 “SEC. 2. (a) This Act shall apply to each employee and
11 Member, except as hereinafter provided.

12 “(b) This Act shall not apply to the President, to any
13 judge of the United States as defined under section 451 of
14 title 28 of the United States Code, or to any employee of the
15 Government subject to another retirement system for Gov-
16 ernment employees.

17 “(c) This Act shall not apply to any Member or to any
18 congressional employee until he gives notice in writing,
19 within six months after the date of entrance into the serv-
20 ice, to the officer by whom his salary is paid, of his desire to
21 come within the purview of this Act.

22 “(d) This Act shall not apply to any temporary con-
23 gressional employee unless such employee is appointed at
24 an annual rate of salary and gives notice in writing, within
25 six months after the date of entrance into the service, to

1 the officer by whom his salary is paid, of his desire to come
2 within the purview of this Act.

3 “(e) The Commission may exclude from the operation
4 of this Act any employee or group of employees in the ex-
5 ecutive branch of the United States Government, or of the
6 District of Columbia government upon recommendation by
7 its Commissioners, whose tenure of office or employment is
8 temporary or intermittent, except that no employee shall be
9 excluded under this subsection after he shall have had more
10 than nine months’ continuous service.

11 “(f) This Act shall not apply to any temporary em-
12 ployee of the Administrative Office of the United States
13 Courts, of the courts specified in section 610 of title 28 of the
14 United States Code; and the Architect of the Capitol and
15 the Librarian of Congress are authorized to exclude from the
16 operation of this Act any employees under the Office of the
17 Architect of the Capitol and the Library of Congress,
18 respectively, whose tenure of employment is temporary or of
19 uncertain duration.

20 “CREDITABLE SERVICE

21 “SEC. 3. (a) An employee’s service for the purposes of
22 this Act including service as a substitute in the postal service
23 shall be credited from the date of original employment to the
24 date of the separation upon which title to annuity is based
25 in the civilian service of the Government. Credit shall

1 similarly be allowed for service in the Pan American Sani-
2 tary Bureau. No credit shall be allowed for any period
3 of separation from the service in excess of three calendar
4 days.

5 “(b) An employee or Member shall be allowed credit
6 for periods of military service prior to the date of the separa-
7 tion upon which title to annuity is based; however, if an
8 employee or Member is awarded retired pay on account of
9 military service, the period of service upon which such re-
10 tired pay is based shall not be included, unless such retired
11 pay is awarded on account of a service-connected disability
12 incurred in line of duty or is awarded under title III of
13 Public Law 810, Eightieth Congress, except that for pur-
14 poses of section 9 (c) (1), a Member (1) shall be allowed
15 credit only for periods of military service, not exceeding
16 five years, plus any military service performed by the
17 Member upon leaving his office, for the purpose of per-
18 forming such service, during any war or national emergency
19 proclaimed by the President or declared by the Congress and
20 prior to his final separation from service as Member and
21 (2) may not receive credit for military service for which
22 credit is allowed for the purposes of retired pay under any
23 other provision of law. Nothing in this Act shall affect the
24 right of an employee or a Member to retired pay, pension,
25 or compensation in addition to the annuity herein provided.

1 “(c) Credit shall be allowed for leaves of absence
2 granted an employee while performing military service or
3 while receiving benefits under the Federal Employees’ Com-
4 pensation Act of September 7, 1916, as amended. Except
5 for a substitute in the postal service, there shall be excluded
6 from credit so much of any other leaves of absence without
7 pay as may exceed six months in the aggregate in any
8 calendar year.

9 “(d) An employee who during the period of any war,
10 or of any national emergency as proclaimed by the Presi-
11 dent or declared by the Congress, has left or leaves his posi-
12 tion to enter the military service shall not be considered, for
13 the purposes of this Act, as separated from his civilian posi-
14 tion by reason of such military service, unless he shall apply
15 for and receive a lump-sum benefit under this Act.

16 “(e) The total service of an employee or Member shall
17 be the full years and twelfth parts thereof, excluding from
18 the aggregate the fractional part of a month, if any.

19 “(f) An employee must have completed at least five
20 years of civilian service before he shall be eligible for annuity
21 under this Act.

22 “(g) An employee or Member must have, within the
23 two-year period preceding any separation from service, other
24 than a separation by reason of death or disability, com-

1 pleted at least one year of creditable civilian service during
2 which he was subject to this Act before he or his survivors
3 shall be eligible for annuity under this Act based on such
4 separation. Failure to meet this service requirement shall
5 not deprive the individual or his survivors of any annuity
6 rights which attached upon a previous separation.

7 “(h) An employee who (1) has at least five years’
8 Member service and (2) has served as a Member at any time
9 after August 2, 1946, shall not be allowed credit for any
10 service which is used in the computation of an annuity
11 under section 9 (c).

12 “DEDUCTIONS AND DEPOSITS

13 “SEC. 4. (a) From and after the first day of the first
14 pay period which begins after December 31, 1956, there
15 shall be deducted and withheld from each employee’s basic
16 salary an amount equal to 7 per centum of such basic salary
17 and from each Member’s basic salary an amount equal to
18 8 per centum of such basic salary. From and after the first
19 day of the first pay period which begins after June 30, 1957,
20 an equal sum shall also be contributed from the respective
21 appropriation or fund which is used for payment of his
22 salary, pay or compensation, or in the case of an elected
23 official, from such appropriation or fund as may be available

1 for payment of other salaries of the same office or establish-
2 ment. The amounts so deducted and withheld by each
3 department or agency, together with the amounts so con-
4 tributed, shall, in accordance with such procedures as may
5 be prescribed by the Comptroller General of the United
6 States, be deposited by the department or agency in the
7 Treasury of the United States to the credit of the fund.
8 There shall also be so credited all deposits made by employ-
9 ees or Members under this section. Amounts contributed
10 under this subsection from appropriations of the Post Office
11 Department shall not be considered as costs of providing
12 postal service for the purpose of establishing postal rates.

13 “(b) Each employee or Member shall be deemed to
14 consent and agree to such deductions from basic salary, and
15 payment less such deductions shall be a full and complete
16 discharge and acquittance of all claims and demands whatso-
17 ever for all regular services during the period covered by
18 such payment, except the right to the benefits to which he
19 shall be entitled under this Act, notwithstanding any law,
20 rule, or regulation affecting the individual's salary.

21 “(c) Each employee or Member credited with civilian
22 service after July 31, 1920, for which, for any reason what-
23 soever, no retirement deductions or deposits have been made,

1 may deposit with interest an amount equal to the following
 2 percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee-----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to December 31, 1956
	7-----	After December 31, 1956
Member for Mem- ber service.	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946, to December 31, 1956
	8-----	After December 31, 1956

3 “(d) Each employee or Member who has received a
 4 refund of retirement deductions under this or any other
 5 retirement system established for employees of the Govern-
 6 ment covering service for which he may be allowed credit
 7 under this Act may deposit the amount received, with
 8 interest. No credit shall be allowed for the service covered
 9 by the refund until the deposit is made.

10 “(e) Interest under subsection (c) or (d) shall be
 11 computed from the midpoint of each service period included
 12 in the computation, or from the date refund was paid, to the
 13 date of deposit or commencing date of annuity, whichever is
 14 earlier. The interest shall be computed at the rate of 4 per
 15 centum per annum to December 31, 1947, and 3 per centum
 16 per annum thereafter compounded annually. Such deposit
 17 may be made in one or more installments.

18 “(f) Under such regulations as may be prescribed by
 19 the Commission, amounts deducted under subsection (a) and

1 deposited under subsections (c) and (d) shall be entered
2 on individual retirement records.

3 “(g) No deposit shall be required for any service prior
4 to August 1, 1920, for periods of military service or for any
5 service for the Panama Railroad Company prior to January
6 1, 1924.

7 “MANDATORY SEPARATION

8 “SEC. 5. (a) Except as hereinafter provided, an em-
9 ployee who shall have attained the age of seventy years and
10 completed fifteen years of service shall be automatically
11 separated from the service. Such separation shall be effec-
12 tive on the last day of the month in which such employee
13 attains the age of seventy years or completes fifteen years of
14 service if then beyond such age, and all salary shall cease
15 from that day.

16 “(b) Each employing office shall notify each employee
17 under its direction of the date of such separation from the
18 service at least sixty days in advance thereof: *Provided*,
19 That subsection (a) shall not take effect without the con-
20 sent of the employee until sixty days after he has been so
21 notified.

22 “(c) The President may, by Executive order, exempt
23 from automatic separation under this section any employee
24 when, in his judgment, the public interest so requires.

25 “(d) The automatic separation provisions of this section

1 shall not apply to any person named in any Act of Congress
2 providing for the continuance of such person in the service, to
3 any Member, to any congressional employee, to the Archi-
4 tect of the Capitol or any employee under the office of the
5 Architect of the Capitol, or to any employee in the judicial
6 branch within the classes made subject to the Civil Service
7 Retirement Act of May 29, 1930, as amended, by the Act
8 of July 13, 1937.

9 “(e) In the case of an officer or employee of The Alaska
10 Railroad, Territory of Alaska, or an officer or employee who
11 is a citizen of the United States employed on the Isthmus of
12 Panama by the Panama Canal Company or the Canal Zone
13 Government, the provisions of this section shall apply upon
14 his attaining the age of sixty-two years and completing fifteen
15 years of service on the Isthmus of Panama or in the Terri-
16 tory of Alaska.

17 “IMMEDIATE RETIREMENT

18 “SEC. 6. (a) Any employee who attains the age of sixty
19 years and completes thirty years of service shall, upon sepa-
20 ration from the service, be paid an annuity computed as pro-
21 vided in section 9.

22 “(b) Any employee who completes thirty years of serv-
23 ice shall, upon separation from the service prior to attain-
24 ment of the age of sixty years, be paid a reduced annuity
25 computed as provided in section 9.

1 “(c) Any employee the duties of whose position are
2 primarily the investigation, apprehension, or detention of
3 persons suspected or convicted of offenses against the criminal
4 laws of the United States, including any employee engaged
5 in such activity who has been transferred to a supervisory or
6 administrative position, who attains the age of fifty years and
7 completes twenty years of service in the performance of such
8 duties, may, if the head of his department or agency recom-
9 mends his retirement and the Commission approves, volun-
10 tarily retire from the service, and be paid an annuity com-
11 puted as provided in section 9 (i). The head of the depart-
12 ment or agency and the Commission shall give full considera-
13 tion to the degree of hazard to which such employee is
14 subjected in the performance of his duties, rather than the
15 general duties of the class of the position held by such
16 employee.

17 “(d) Any employee who completes twenty-five years
18 of service or who attains the age of fifty years and completes
19 twenty years of service shall upon involuntary separation
20 from the service not by removal for cause on charges of mis-
21 conduct or delinquency, be paid a reduced annuity computed
22 as provided in section 9.

23 “(e) Any employee who attains the age of sixty-two
24 years and completes five years of service shall, upon separa-

1 tion from the service, be paid an annuity computed as pro-
2 vided in section 9.

3 “(f) Any Member who attains the age of sixty-two
4 years and completes five years of Member service, or who
5 attains the age of sixty years and completes ten years of
6 Member service, shall, upon separation from the service, be
7 paid an annuity computed as provided in section 9. No
8 Member or survivor of a Member shall be entitled to receive
9 an annuity under this Act unless there shall have been
10 deducted or deposited the amounts specified in section 4 with
11 respect to his last five years of Member service.

12 “DISABILITY RETIREMENT

13 “SEC. 7. (a) Any employee who completes five years
14 of civilian service and who is found by the Commission to
15 have become disabled shall, upon his own application or
16 upon application by his department or agency, be retired
17 on an annuity computed as provided in section 9. Any Mem-
18 ber who completes five years of Member service and who is
19 found by the Commission to have become disabled shall,
20 upon his own application, be retired on an annuity computed
21 as provided in section 9.

22 “(b) No claim shall be allowed under this section unless
23 the application is filed with the Commission prior to sepa-
24 ration of the employee or Member from the service or within
25 one year thereafter. This time limitation may be waived by

1 the Commission for an individual who at the date of sepa-
2 ration from service or within one year thereafter is mentally
3 incompetent, if the application is filed with the Commission
4 within one year from the date of restoration of such individ-
5 ual to competency or the appointment of a fiduciary, which-
6 ever is the earlier.

7 “(c) Each annuitant retired under this section or under
8 section 6 of the Act of May 29, 1930, as amended, unless
9 his disability is permanent in character, shall at the expira-
10 tion of one year from the date of such retirement and annu-
11 ally thereafter, until reaching age sixty, be examined under
12 the direction of the Commission. If the annuitant fails to
13 submit to examination as required under this section, pay-
14 ment of the annuity shall be suspended until continuance of
15 the disability is satisfactorily established.

16 “(d) If such annuitant, before reaching age sixty, re-
17 covers from his disability or is restored to an earning capac-
18 ity fairly comparable to the current rate of compensation of
19 the position occupied at the time of retirement, payment of
20 the annuity shall cease (1) upon reemployment by the Gov-
21 ernment, (2) one year from the date of the medical examina-
22 tion showing such recovery, or (3) one year from the date of
23 determination that he is so restored, whichever is earliest.
24 Earning capacity shall be deemed restored if in each of two

1 succeeding calendar years the income of the annuitant from
2 wages or self-employment or both shall equal at least 80 per
3 centum of the current rate of compensation of the position
4 occupied immediately prior to retirement.

5 “(e) If such annuitant whose annuity is discontinued
6 under subsection (d) is not reemployed in any position in-
7 cluded in the provisions of this Act, he shall be considered,
8 except for service credit, as having been involuntarily sepa-
9 rated from the service for the purposes of this Act as of the
10 date of discontinuance of the disability annuity and shall,
11 after such discontinuance, be entitled to annuity in accord-
12 ance with the applicable provision of this Act.

13 “(f) No person shall be entitled to receive an annuity
14 under this Act and compensation for injury or disability to
15 himself under the Federal Employees’ Compensation Act of
16 September 7, 1916, as amended, covering the same period
17 of time. This provision shall not bar the right of any claim-
18 ant to the greater benefit conferred by either Act for any
19 part of the same period of time. Neither this provision nor
20 any provision in such Act of September 7, 1916, as amended,
21 shall deny to any person an annuity accruing to such person
22 under this Act on account of service rendered by him, or
23 deny any concurrent benefit to such person under such Act of
24 September 7, 1916, as amended, on account of the death of
25 any other person.

1 “(g) Notwithstanding any provision of law to the con-
2 trary, the right of any person entitled to an annuity under
3 this Act shall not be affected because such person has received
4 an award of compensation in a lump sum under section 14
5 of the Act of September 7, 1916, as amended, except that
6 where such annuity is payable on account of the same dis-
7 ability for which compensation under such section has been
8 paid, so much of such compensation as has been paid for
9 any period extended beyond the date such annuity becomes
10 effective, as determined by the Department of Labor, shall
11 be refunded to the Department of Labor, to be covered into
12 the Federal Employees’ Compensation Fund. Before such
13 person shall receive such annuity he shall (1) refund to such
14 Department the amount representing such commuted pay-
15 ments for such extended period, or (2) authorize the deduc-
16 tion of such amount from the annuity payable to him under
17 this Act, which amount shall be transmitted to such Depart-
18 ment for reimbursement to such fund. Deductions from such
19 annuity may be made from accrued and accruing payments,
20 or may be prorated against and paid from accruing payments
21 in such manner as the Department of Labor shall determine,
22 whenever it finds that the financial circumstances of the
23 annuitant are such as to warrant such deferred refunding.

24 “DEFERRED RETIREMENT

25 “SEC. 8. (a) Any employee who is separated from the

1 service or transferred to a position not within the purview
2 of this Act after completing five years of civilian service
3 may be paid an annuity beginning at the age of sixty-two
4 years computed as provided in section 9.

5 “(b) Any Member who is separated from the service as
6 a Member after completing five years of Member service
7 may be paid an annuity beginning at the age of sixty-two
8 years, computed as provided in section 9.

9 “COMPUTATION OF ANNUITY

10 “SEC. 9. (a) Except as otherwise provided in this sec-
11 tion, the annuity of an employee retiring under this Act
12 shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the
13 average salary multiplied by so much of the total service
14 as does not exceed five years, or (B) 1 per centum of the
15 average salary, plus \$25, multiplied by so much of the total
16 service as does not exceed five years, plus (2) the larger
17 of (A) 2 per centum of the average salary multiplied by
18 so much of the total service as exceeds five years, or (B)
19 1 per centum of the average salary, plus \$25, multiplied
20 by so much of the total service as exceeds five years: *Pro-*
21 *vided*, That the annuity shall not exceed 80 per centum of
22 the average salary: *Provided further*, That the annuity of an
23 employee retiring under section 7 shall be at least (1) 40
24 per centum of the average salary or (2) the sum obtained
25 under this subsection after increasing his total service by the

1 period elapsing between the date of separation and the date
2 he attains the age of sixty years, whichever is the lesser, but
3 this proviso shall not increase the annuity of any survivor.

4 “(b) The annuity of a congressional employee retiring
5 under this Act shall, if he so elects at the time his annuity
6 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
7 multiplied by his military service and service as a congress-
8 sional employee, not exceeding a total of fifteen years, plus
9 (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so
10 much of the remainder of his total service as does not exceed
11 five years, plus (3) 2 per centum of the average salary mul-
12 tiplied by so much of the remainder of his total service as
13 exceeds five years: *Provided*, That the annuity shall not
14 exceed 80 per centum of the average salary. This subsection
15 shall not apply unless the congressional employee (1) has
16 had at least five years’ service as a congressional employee
17 (2) has had deductions withheld from his salary or made
18 deposit covering his last five years of civilian service, and
19 (3) has served as a congressional employee during the last
20 eleven months of his civilian service: *Provided further*, That
21 the annuity of a congressional employee retiring under sec-
22 tion 7 shall be at least (1) 40 per centum of the average
23 salary or (2) the sum obtained under this subsection after
24 increasing his service as a congressional employee by the
25 period elapsing between the date of separation and the date

1 he attains the age of sixty years, whichever is the lesser, but
2 this provision shall not increase the annuity of any survivor.

3 “(c) The annuity of a Member retiring under this Act
4 shall be an amount equal to—

5 “(1) $2\frac{1}{2}$ per centum of the average salary multi-
6 plied by the total of his Member and creditable military
7 service;

8 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
9 plied by his total years of service, not exceeding fifteen,
10 performed as a congressional employee prior to his sepa-
11 ration from service as a Member, other than any such
12 service which he may elect to exclude;

13 “(3) $1\frac{1}{2}$ per centum of such average salary multi-
14 plied by so much of his total service, other than service
15 used in computing annuity under clauses (1) and (2),
16 as does not exceed five years, performed prior to his
17 separation from service as a Member, and other than
18 any such service which he may elect to exclude; and

19 “(4) 2 per centum of such average salary multiplied
20 by his total service, other than service used in comput-
21 ing annuity under clauses (1), (2), and (3), per-
22 formed prior to his separation from service as a Mem-
23 ber, and other than any such service which he may elect
24 to exclude.

25 In no case shall an annuity computed under this subsection

1 exceed 80 per centum of the basic salary that he is receiving
 2 at the time of such separation from the service, and in no
 3 case shall the annuity of a Member retiring under section 7
 4 be less than (A) 40 per centum of the average salary or
 5 (B) the sum obtained under this subsection after increasing
 6 his Member service by the period elapsing between the date
 7 of separation and the date he attains the age of sixty years,
 8 whichever is the lesser, but this provision shall not increase
 9 the annuity of any survivor.

10 “(d) The annuity as hereinbefore provided, for an em-
 11 ployee retiring under section 6 (b) or 6 (d), shall be re-
 12 duced by one-twelfth of 1 per centum for each full month
 13 not in excess of thirty, one-eighth of 1 per centum for each
 14 full month in excess of thirty but not in excess of sixty, and
 15 one-sixth of 1 per centum for each full month in excess of
 16 sixty, such employee is under the age of sixty years at date
 17 of separation.

18 “(e) The annuity as hereinbefore provided shall be re-
 19 duced by 10 per centum of any deposit described in section
 20 4 (c) remaining unpaid, unless the employee or Member
 21 shall elect to eliminate the service involved for purposes of
 22 annuity computation.

23 “(f) Any employee or Member retiring under section
 24 6, 7, or 8 may at the time of retirement elect a reduced
 25 annuity, in lieu of the annuity as hereinbefore provided, and

1 designate in writing his wife or husband to receive an
2 annuity after the retired individual's death computed as
3 provided in section 10 (a) (2). The annuity of the
4 employee or Member making such election, excluding any
5 increase because of retirement under section 7, shall be re-
6 duced by 10 per centum of so much thereof as exceeds
7 \$2,400.

8 “(g) Any unmarried employee or Member retiring
9 under section 6 or 8, and found by the Commission to be in
10 good health, may at the time of retirement elect a reduced
11 annuity, in lieu of the annuity as hereinbefore provided, and
12 designate in writing a person having an insurable interest
13 in the employee or Member to receive an annuity after the
14 retired individual's death. The annuity payable to the
15 employee or Member making such election shall be reduced
16 by 10 per centum of an annuity computed as provided in
17 section 9 and by 5 per centum of an annuity so computed
18 for each full five years the person designated is younger
19 than the retiring employee or Member, but such total reduc-
20 tion shall not exceed 40 per centum.

21 “(h) The annuity as hereinbefore provided, for an
22 employee who is a citizen of the United States, shall be
23 increased by \$36 multiplied by total service in the employ
24 of either the Alaska Engineering Commission or The Alaska
25 Railroad in the Territory of Alaska between March 12, 1914,

1 and July 1, 1923, or in the employ of either the Isthmian
2 Canal Commission or the Panama Railroad Company on
3 the Isthmus of Panama between May 4, 1904, and April 1,
4 1914.

5 “(i) The annuity of an employee retiring under section
6 6 (c) shall be 2 per centum of the average salary multiplied
7 by the total service: *Provided*, That the annuity shall not
8 exceed 80 per centum of the average salary.

9 “SURVIVOR ANNUITIES

10 “SEC. 10. (a) (1) If a Member or employee dies after
11 having retired under any provision of this Act and is sur-
12 vived by a wife or husband to whom he or she was married
13 at the time of retirement, such wife or husband shall be paid
14 an annuity equal to (1) 50 per centum of so much of an
15 annuity computed as provided in subsections (a), (b), (c),
16 (d), and (e) of section 9, as may apply with respect to the
17 annuitant, as does not exceed \$2,400.

18 “(2) If a member or employee dies after having retired
19 under any provision of this Act and is survived by a wife
20 or husband designated under section 9 (f) such wife or
21 husband shall be paid an annuity (in addition to any annuity
22 payable under paragraph (1)) equal to 50 per centum of
23 so much of an annuity computed as provided in subsections
24 (a), (b), (c), (d), and (e) of section 9, as may apply
25 with respect to the annuitant, as exceeds \$2,400.

1 “(3) An annuity computed under this subsection shall
2 begin on the first day of the month in which the retired em-
3 ployee dies, and such annuity or any right thereto shall ter-
4 minate upon the survivor’s death or remarriage.

5 “(b) The annuity of a survivor designated under sec-
6 tion 9 (g) shall be 50 per centum of the reduced annuity
7 computed as provided in subsections (a), (b), (c), (d),
8 (e), and (g) of section 9 as may apply with respect to the
9 annuitant. The annuity of such survivor shall begin on the
10 first day of the month in which the retired employee dies,
11 and such annuity or any right thereto shall terminate upon
12 the survivor’s death.

13 “(c) If an employee dies after completing at least five
14 years of civilian service, or a Member dies after completing
15 at least five years of Member service, the widow or depend-
16 ent widower of such employee or Member shall be paid an
17 annuity equal to 50 per centum of an annuity computed as
18 provided in subsections (a), (b), (c), and (e) of section
19 9 as may apply with respect to the employee or Member.
20 The annuity of such widow or dependent widower shall
21 begin on the first day of the month after the employee or
22 Member dies, and such annuity or any right thereto shall
23 terminate upon death or remarriage of the widow or widower,
24 or upon the widower’s becoming capable of self-support.

1 “(d) If an employee dies after completing five years of
2 civilian service or a Member dies after completing five years
3 of Member service, or an employee or a Member dies after
4 having retired under any provision of the Act, and is sur-
5 vived by a wife or by a husband who is incapable of self-
6 support by reason of mental or physical disability and who
7 received more than one-half of his support from such em-
8 ployee or Member, each surviving child shall be paid an
9 annuity equal to the smallest of (1) 40 per centum of the
10 employer’s or Member’s average salary divided by the num-
11 ber of children, (2) \$600, or (3) \$1,800 divided by the
12 number of children. If such employee or Member is not sur-
13 vived by a wife or husband, each surviving child shall be
14 paid an annuity equal to the smallest of (1) 50 per centum
15 of the employee’s or Member’s average salary divided by the
16 number of children, (2) \$720, or (3) \$2,160 divided by the
17 number of children. The child’s annuity shall begin on the
18 first day of the month after the employee or Member dies.
19 and such annuity or any right thereto shall terminate upon
20 (1) his attaining age 18 unless incapable of self-support, (2)
21 his becoming capable of self-support after age 18, (3) his
22 marriage, or (4) his death. Upon the death of the wife or
23 dependent husband or termination of the annuity of the child,
24 the annuity of any other child or children shall be recom-

1 puted and paid as though such wife, dependent husband, or
2 child had not survived the employee or Member.

3 "LUMP-SUM BENEFITS

4 "SEC. 11. (a) Any employee who is separated or trans-
5 ferred to a position not within the purview of this Act after
6 he has completed five but less than twenty years of service,
7 and any Member who is separated after he has completed
8 five but less than twenty years of Member service, shall upon
9 application therefor be paid the lump-sum credit. Any
10 employee who is separated or transferred to a position not
11 within the purview of this Act before he has completed five
12 years' service, and any Member who is separated before
13 he has completed five years of Member service, shall be paid
14 the lump-sum credit. The receipt of payment of the lump-
15 sum credit by the individual shall void all annuity rights
16 under this Act, unless and until he shall be reemployed
17 in the service subject to this Act.

18 "(b) Each present or former employee or Member may,
19 under regulations prescribed by the Commission, designate a
20 beneficiary or beneficiaries for the purposes of this Act.

21 "(c) Lump-sum benefits authorized under subsections
22 (d), (e), and (f) of this section shall be paid in the follow-
23 ing order of precedence to such person or persons surviving
24 the employee or Member and alive at the date title to the

1 payment arises, and such payment shall be a bar to recovery
2 by any other person:

3 “First, to the beneficiary or beneficiaries designated by
4 the employee or Member in a writing received in the Com-
5 mission prior to his death;

6 “Second, if there be no such beneficiary, to the widow
7 or widower of the employee or Member;

8 “Third, if none of the above, to the child or children of
9 the employee or Member and descendants of deceased chil-
10 dren by representation;

11 “Fourth, if none of the above, to the parents of the
12 employee or Member or the survivor of them;

13 “Fifth, if none of the above, to the duly appointed
14 executor or administrator of the estate of the employee or
15 Member;

16 “Sixth, if none of the above, to other next of kin of the
17 employee or Member as may be determined by the Commis-
18 sion to be entitled under the laws of the domicile of the
19 individual at the time of his death.

20 “(d) If an employee or Member dies (1) without a
21 survivor, or (2) with a survivor or survivors and the right
22 of all survivors shall terminate before claim for survivor
23 annuity is filed, or if a former employee or Member not re-
24 tired dies, the lump-sum credit shall be paid.

25 “(e) If all annuity rights under this Act based on the

1 service of a deceased employee or Member shall terminate
2 before the total annuity paid equals the lump-sum credit, the
3 difference shall be paid.

4 “(f) If an annuitant dies, any annuity accrued and un-
5 paid shall be paid.

6 “(g) Any annuity accrued and unpaid upon the termi-
7 nation (other than by death) of the annuity of any annuitant
8 or survivor annuitant shall be paid to such person. Any
9 survivor annuity accrued and unpaid upon the death of any
10 survivor annuitant shall be paid in the following order of
11 precedence, and such payment shall be a bar to recovery by
12 any other person:

13 “First, to the duly appointed executor or administrator
14 of the estate of the survivor annuitant;

15 “Second, if there is no such executor or administrator,
16 payment may be made, after the expiration of thirty days
17 from the date of death of such survivor annuitant, to such
18 next of kin of the survivor annuitant as may be determined
19 by the Commission to be entitled under the laws of the
20 survivor annuitant’s domicile at the time of his death.

21 “ADDITIONAL ANNUITIES

22 “SEC. 12. (a) Any employee or Member may, under
23 regulations prescribed by the Commission, voluntarily con-
24 tribute additional sums in multiples of \$25, but the total
25 may not exceed 10 per centum of his basic salary for his

1 creditable service from and after August 1, 1920. The
2 voluntary contribution account in each case shall be the
3 sum of such unrefunded contributions, plus interest at 3
4 per centum per annum compounded annually to date of
5 separation or transfer to a position not within the purview
6 of this Act or, in case of an individual who is separated
7 with title to a deferred annuity and does not claim the
8 voluntary contribution account, to the commencing date fixed
9 for such deferred annuity or date of death, whichever is
10 earlier.

11 “(b) Such voluntary contribution account shall be used
12 to purchase at retirement an annuity in addition to the
13 annuity otherwise provided. For each \$100 in such volun-
14 tary contribution account, the additional annuity shall con-
15 sist of \$7, increased by 20 cents for each full year, if any,
16 such employee or Member is over the age of fifty-five years
17 at the date of retirement.

18 “(c) A retiring employee or Member may elect a
19 reduced additional annuity in lieu of the additional annuity
20 described in subsection (b) and designate in writing a
21 person to receive after his death an annuity of 50 per centum
22 of his reduced additional annuity. The additional annuity
23 of the employee or Member making such election shall be
24 reduced by 10 per centum, and by 5 per centum for each
25 full five years the person designated is younger than the

1 retiring employee or Member, but such total reduction shall
2 not exceed 40 per centum.

3 “(d) Any employee or Member who is separated from
4 the service before becoming eligible for immediate or de-
5 ferred annuity or who transfers to a position wherein he
6 does not continue subject to this Act shall be paid the
7 voluntary contribution account. Any employee or Member
8 who is separated from the service after becoming eligible
9 for a deferred annuity under section 8 may elect to receive,
10 in lieu of additional annuity, the voluntary contribution
11 account, provided his separation occurs and application for
12 payment is filed with the Commission at least thirty-one days
13 before the commencing date of annuity.

14 “(e) If any present or former employee or Member
15 not retired dies, the voluntary contribution account shall be
16 paid under the provisions of section 11 (c). If all addi-
17 tional annuities or any right thereto based on the voluntary
18 contribution account of a deceased employee or Member
19 terminate before the total additional annuity paid equals such
20 account, the difference shall be paid under the provisions
21 of section 11 (c).

22 “REEMPLOYMENT OF ANNUITANTS

23 “SEC. 13. (a) Notwithstanding any other provision of
24 law, an annuitant heretofore or hereafter retired under this
25 Act shall not, by reason of his retired status, be barred from

1 employment in any appointive position for which he is
2 qualified. An annuitant so reemployed shall serve at the
3 will of the appointing officer.

4 “(b) If an annuitant under this Act (other than (1) a
5 disability annuitant whose annuity is terminated by reason
6 of his recovery or restoration of earning capacity, or (2) a
7 Member retired under this Act) hereafter becomes employed
8 in an appointive or elective position subject to this Act, an-
9 nuity payments shall be discontinued during such employ-
10 ment and deductions for the retirement fund shall be with-
11 held from his salary. If such annuitant performs actual
12 full-time service for a period of at least one year, his right
13 to future annuity shall be determined upon the basis of the
14 law in effect at the time of termination of such period of
15 employment and service performed during such period shall
16 be credited for such purpose. If such annuitant does not
17 perform actual full-time service for a period of at least one
18 year, his annuity payments shall be resumed in the same
19 amount and amounts deducted from his salary during such
20 period of employment shall be returned upon the expiration
21 of such period. If an annuitant under this Act (other than
22 (1) a disability annuitant whose annuity is terminated by
23 reason of his recovery or restoration of earning capacity, or
24 (2) a Member retired under this Act) hereafter becomes
25 employed in an appointive or elective position not subject

1 to this Act, annuity payments shall be discontinued during
2 such reemployment and resumed in the same amount upon
3 termination of such employment.

4 “(c) If a Member heretofore or hereafter retired under
5 this Act hereafter becomes employed in an appointive or
6 elective position, annuity payments shall be discontinued dur-
7 ing such employment and resumed in the same amount upon
8 termination of such employment: *Provided*, That if such re-
9 tired Member takes office as Member and gives notice as pro-
10 vided in section 2 (c), his service as Member during such
11 period shall be credited in determining his right to and the
12 amount of his subsequent annuity.

13 “PAYMENT OF BENEFITS

14 “SEC. 14. (a) Each annuity is stated as an annual
15 amount, one-twelfth of which, fixed at the nearest dollar,
16 accrues monthly and is payable on the first business day of
17 the month after it accrues.

18 “(b) Except as otherwise provided, the annuity of an
19 employee shall commence on the first of the month after
20 separation from the service, or on the first of the month after
21 salary ceases provided the employee meets the service and
22 the age or disability requirements for title to annuity at that
23 time. The annuity of a Member or of an elected officer of
24 the Senate or House of Representatives shall commence on
25 the day following the day on which salary shall cease pro-

1 vided the person entitled to such annuity meets the service
2 and the age or disability requirements for title to annuity at
3 that time. The annuity of an employee or Member under
4 section 8 shall commence on the first of the month after
5 the occurrence of the event on which payment of the annuity
6 is based.

7 “(c) An annuity shall terminate on the last day of the
8 month preceding the month in which death or any other
9 terminating event provided in this Act occurs.

10 “(d) Any person entitled to annuity from the fund may
11 decline to accept all or any part of such annuity by a waiver
12 signed and filed with the Commission. Such waiver may be
13 revoked in writing at any time, but no payment of the
14 annuity waived shall be made covering the period during
15 which such waiver was in effect.

16 “(e) Where any payment is due a minor, or a person
17 mentally incompetent or under other legal disability, such
18 payment may be made to the person who is constituted
19 guardian or other fiduciary by the law of the State of resi-
20 dence of such claimant or is otherwise legally vested with the
21 care of the claimant or his estate: *Provided*, That where no
22 guardian or other fiduciary of the person under legal dis-
23 ability has been appointed under the laws of the State of
24 residence of the claimant, payment may be made to any
25 person who in the judgment of the Commission is responsible

1 for the care of the claimant, and such payment shall be a bar
2 to recovery by any other person.

3 "EXEMPTION FROM LEGAL PROCESSES

4 "SEC. 15. (a) None of the moneys mentioned in this
5 Act shall be assignable, either in law or equity, or be subject
6 to execution, levy, attachment, garnishment, or other legal
7 process.

8 "(b) Notwithstanding any other provision of law, there
9 shall be no recovery of any payments under this Act from
10 any person when, in the judgment of the Commission, such
11 person is without fault and such recovery would be contrary
12 to equity and good conscience; nor shall there be any with-
13 holding of recovery of any moneys mentioned in this Act on
14 account of any certification or payment made by any former
15 employee of the United States in the discharge of his official
16 duties unless the head of the department or agency on behalf
17 of which the certification or payment was made certifies to
18 the Commission that such certification or payment involved
19 fraud on the part of such employee.

20 "ADMINISTRATION

21 "SEC. 16. (a) This Act shall be administered by the
22 Commission. Except as otherwise specifically provided here-
23 in, the Commission is hereby authorized and directed to
24 perform, or cause to be performed, any and all acts and to
25 make such rules and regulations as may be necessary and

1 proper for the purpose of carrying the provisions of this
2 Act into full force and effect.

3 “(b) Applications under this Act shall be in such form
4 as the Commission shall prescribe, and shall be supported by
5 such certificates from departments or agencies as the Com-
6 mission may deem necessary to the determination of the
7 rights of applicants. The Commission shall adjudicate all
8 claims under this Act.

9 “(c) Questions of dependency and disability arising
10 under this Act shall be determined by the Commission and
11 its decisions with respect to such matters shall be final and
12 conclusive and shall not be subject to review. The Com-
13 mission may order or direct at any time such medical or
14 other examinations as it shall deem necessary to determine
15 the facts relative to the disability or dependency of any
16 person receiving or applying for annuity under this Act,
17 and may suspend or deny any such annuity for failure to
18 submit to any such examination.

19 “(d) An appeal to the Commission shall lie from any
20 administrative action or order affecting the rights or interests
21 of any person or of the United States under this Act, the
22 procedure on appeal to be prescribed by the Commission.

23 “(e) Fees for examinations made under the provisions
24 of this Act, by physicians or surgeons who are not medical
25 officers of the United States, shall be fixed by the Commis-

1 sion, and such fees, together with reasonable traveling and
2 other expenses incurred in connection with such examinations,
3 shall be paid out of the appropriations for the cost of adminis-
4 tering this Act.

5 “(f) The Commission shall publish an annual report
6 upon the operations of this Act.

7 “(g) The Commission is hereby authorized and directed
8 to select three actuaries, to be known as the Board of Actu-
9 aries of the Civil Service Retirement System. It shall be the
10 duty of such Board to report annually upon the actuarial
11 status of the system and to furnish its advice and opinion
12 on matters referred to it by the Commission, and it shall have
13 the authority to recommend to the Commission and to the
14 Congress such changes as in the Board’s judgment may be
15 deemed necessary to protect the public interest and maintain
16 the system upon a sound financial basis. The Commission
17 shall keep or cause to be kept such records as it deems neces-
18 sary for making periodic actuarial valuations of the Civil
19 Service Retirement System, and the Board shall make such
20 valuations at intervals of five years, or oftener if deemed
21 necessary by the Commission. The compensation of the
22 members of the Board of Actuaries, exclusive of such mem-
23 bers as are in the employ of the United States, shall be fixed
24 by the Commission.

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

“SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act.

“(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

“(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

“(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after

1 the expiration of five years from the date of original issue;
2 except that where such average rate is not a multiple of
3 one-eighth of 1 per centum, the rate of interest of such
4 obligations shall be the multiple of one-eighth of 1 per
5 centum nearest such average rate. Such obligations shall
6 be issued for purchase by the fund only if the Secretary
7 of the Treasury determines that the purchase in the market
8 of other interest-bearing obligations of the United States, or
9 of obligations guaranteed as to both principal and interest
10 by the United States on original issue or at the market price,
11 is not in the public interest.

12 "SHORT TITLE

13 "SEC. 18. This Act may be cited as the 'Civil Service
14 Retirement Act'."

15 MEMBERS OF FACULTY OF NAVAL ACADEMY

16 SEC. 2. (a) On and after the effective date of this Act
17 persons employed as members of the civilian faculties of the
18 United States Naval Academy and the United States Naval
19 Postgraduate School shall be included within the terms of
20 the Civil Service Retirement Act, and on and after that
21 date the Act of January 16, 1936 (49 Stat. 1092), as
22 amended, shall not apply to such persons.

23 (b) In lieu of the deposit prescribed by section 4 (c)
24 of the Civil Service Retirement Act, an employee who by
25 virtue of subsection (a) is included within the terms of

1 such Act shall deposit, for service rendered prior to the
2 effective date of this Act as a member of the civilian faculty
3 of the United States Naval Academy or of the United States
4 Naval Postgraduate School, a sum equal to so much of the
5 repurchase price of his annuity policy carried as required
6 by the Act of January 16, 1936, as amended, as is based
7 on the monthly allotments which were registered with the
8 Navy Allotment Office toward the purchase of that annuity,
9 the deposit to be made within six months after the effective
10 date of this Act. Should the deposit not be made within
11 that period no credit shall be allowed under the Civil Service
12 Retirement Act for service rendered as a member of the
13 civilian faculty of the United States Naval Academy or of
14 the United States Naval Postgraduate School subsequent to
15 July 31, 1920, and prior to the effective date of this Act.
16 If the deposit is made, such service shall be held and con-
17 sidered to be service during which the employee was subject
18 to this Act.

19 RETROACTIVE APPLICATION OF CERTAIN BENEFITS

20 SEC. 3. The amendment approved September 30, 1949
21 (Public Law 310, Eighty-first Congress), to section 4 (b)
22 of the Civil Service Retirement Act of May 29, 1930, as
23 amended, insofar as it relates to the amount of the reduction
24 in the annuities of officers and employees who elect to re-
25 ceive reduced annuities under such section, shall take effect

1 as of April 1, 1948, but no increase in annuity shall be
2 payable by reason of such amendment, to those who retired
3 on or after April 1, 1948, and prior to October 1, 1949, for
4 any period prior to the first day of the first month which
5 begins after the effective date of this Act.

6 CONTINUATION OF PRIOR RIGHTS

7 SEC. 4. Except as otherwise provided, the amendments
8 made by this Act shall not apply in the case of employees or
9 Members retired or otherwise separated prior to its effective
10 date, and the rights of such persons and their survivors shall
11 continue in the same manner and to the same extent as if
12 this Act had not been enacted.

13 VICE PRESIDENT

14 SEC. 5. The notice required by section 2 (c) of the
15 Civil Service Retirement Act may be given, by any person
16 holding the office of Vice President on the effective date of
17 this Act, at any time within fifteen days after such effective
18 date, and in the case of any such person service performed
19 in such office shall be considered service during which he
20 was subject to such Act for the purpose of section 3 (g)
21 thereof.

22 FUTURE SALARY INCREASES TO INCLUDE INCREASES TO
23 ANNUITANTS

24 SEC. 6. It is the policy of the Congress that whenever
25 in the future any general adjustment is made in the salaries

1 of Government employees, corresponding adjustments should
2 be made in the annuities of retired employees.

3 FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUT-
4 SIDE UNITED STATES TO AVOID PROSECUTION

5 SEC. 7. The Act entitled "An Act to prohibit payment
6 of annuities to officers and employees of the United States
7 convicted of certain offenses, and for other purposes", ap-
8 proved September 1, 1954 (68 Stat. 1142), is amended
9 by adding at the end of section 2 thereof a new subsection as
10 follows:

11 "(c) In any case in which, after the date of enactment
12 of this subsection, any person under indictment for any
13 offense within the purview of the first section of this Act
14 wilfully remains outside the United States, its Territories,
15 and possessions, for a period in excess of one year with
16 knowledge of such indictment, no annuity or retired pay
17 shall be paid, for any period subsequent to the end of such
18 one-year period to such person or to the survivor or bene-
19 ficiary of such person, on the basis of the service of such
20 person, as an officer or employee of the Government unless
21 and until a nolle prosequi to the entire indictment is entered
22 upon the record or such person returns and thereafter the
23 indictment is dismissed or after trial by court the accused is
24 found not guilty of the offense or offenses charged in the
25 indictment."

1 **EFFECTIVE DATE**

2 SEC. 8. This Act shall take effect on January 1, 1957.

3	SHORT TITLE
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4 SEC. 9. This Act may be cited as the "Civil Service
5 Retirement Act Amendments of 1956."

Passed the Senate May 23 (legislative day, May 7),
1956.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To revise the Civil Service Retirement Act.

MAY 24, 1956

Referred to the Committee on Post Office and Civil
Service

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

July 19, 1956
July 18, 1956
84th-2nd, No. 122

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HIGHLIGHTS: House passed Public Law 480 authorization increase bill. House received conference report on CCC borrowing increase bill. House committee reported bills to authorize sale of certain forest lands, permit use of certain forest lands by private enterprises, authorize FCIC re-insurance in Puerto Rico, and permit inclusion in acreage reserve of drought-damaged crop lands. House committee ordered reported retirement bill. House conferees were appointed on supplemental appropriation bill. House conferees were appointed on budgeting and accounting methods bill. House conferees were appointed on fisheries bill. Rep. Sullivan spoke in favor of compulsory poultry inspection. Senate committees reported following bills: executive pay bill; International Wheat Agreement bill; recognition of Federal employee unions; poultry inspection bill; International food reserve resolution. Senate committee (Continued on page 8)

SENATE

1. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7619, to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Government (S. Rept. 2642) (p. 12235); and S. 3593, for the recognition of organizations of employees (S. Rept. 2635) (p. 12033).
2. POULTRY INSPECTION. The Agriculture and Forestry Committee reported without amendment S. 4243, to provide for the compulsory inspection by the USDA of poultry and poultry products (S. Rept. 2622). p. 12033
3. WHEAT. The Agriculture and Forestry Committee reported without amendment S. 4221, to implement the International Wheat Agreement Act of 1949 (S. Rept. 2623). p. 12033

4. CONTRACTS. The Finance Committee reported with amendments H. R. 11947, to extend and amend the Renegotiation Act of 1951 (S. Rept. 2624). p. 12033
5. FOOD RESERVE. The Foreign Relations Committee reported without amendment S. Res. 316, expressing the sense of the Senate that the President should explore with other nations the establishment of an International Food and Raw Materials Reserve under the auspices of the U. N. and related international organizations (no written report). p. 12034
6. FORESTRY. The Interstate and Foreign Commerce Committee reported with amendment S. 3831, to provide for the establishment of a fish hatchery in the State of W. Va. (S. Rept. 2626). p. 12033
Conferees were appointed on H. R. 5712, to provide that the U. S. hold in trust for the Pueblo Indians a small area of public domain. (House conferees have not yet been appointed). p. 12109
Sen. Neuberger inserted a newspaper editorial, "The National Forests Problem". p. 12129
The Interior and Insular Affairs Committee reported with amendment H. R. 4096, to provide for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska, subject to appropriate easements (S. Rept. 2641). p. 12235
7. SURPLUS PROPERTY. The Interior and Insular Affairs Committee reported without amendment H. R. 10946, to provide for the disposition of surplus personal property to the Territorial government of Alaska until Dec. 31, 1958 (S. Rept. 2639). p. 12235
8. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 9918, to authorize the Secretary of the Interior to negotiate and execute a contract with the Riverside Irrigation District, Ltd., Ida., relating to the rehabilitation of the district's works (S. Rept. 2618). p. 12033
9. NOMINATIONS. The Agriculture and Forestry Committee reported the nominations of members of the Commission on Increased Industrial Use of Agricultural Products. p. 12044
10. CONGRESSIONAL COMMITTEES. Received the reports of Senate committees listing the names and salaries of staff members, and expenditures of the committees. p. 12034
11. FOREIGN AFFAIRS. Sen. McClellan submitted and commented on the report of the Senate Permanent Subcommittee on Investigations of the Government Operations Committee, on the relaxation of international controls over trade with the Soviet bloc (S. Rept. 2621). p. 12098
Sen. Wiley urged restoration of funds for the U. S. contribution to the U. S. technical assistance program for 1957, and inserted several letters he had received relative to the proposed restoration. p. 12129
12. FARM LABOR. Sen. Humphrey inserted the statement of the Joint U. S. - Mexico Trade Union Committee on the importation of Japanese, Chinese, Filipino, and other foreign agricultural workers into areas supplied by the Mexican contract labor program. p. 12050
13. CIVIL DEFENSE. Sen. Saltonstall inserted the President's letter to the Federal Civil Defense Administration stressing the importance of the nation's civil defense program. p. 12052

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14. ELECTRIFICATION. Began debate on S. 1333, providing for the construction, operation, and maintenance of the Hells Canyon Dam (p. 12216). Several Senators discussed and inserted material relative to the construction of the dam (pp. 12053, 12123, 12131, 12132, and 12197).
15. ATOMIC ENERGY. Passed without amendment S. 4203, to amend the Atomic Energy Act of 1954. p. 12062
16. FOREIGN TRADE. Passed with amendments H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws. Conferees were appointed. pp. 12062, 12064, 12097, 12101
17. HOOVER COMMISSION. Sen. Kennedy commended the progress made by the Government Operations Committee in clearing legislation for implement^{ing} the reports of the Hoover Commission, inserted a list of bills upon which action had been taken, and expressed hope other reports would be acted on during the next session of Congress. p. 12099
18. COTTON. Passed with amendment S. Res. 236, urging immediate consideration of the impact of imports of textiles and other products upon the domestic market and directing the Tariff Commission to expedite escape clause investigations and to give them priority wherever practicable. As agreed to the Resolution provides that it is the sense of the Senate that the President should give immediate consideration to the impact of imports of textiles and textile products on the cotton industry, with a view to determining whether the authority granted to him under section 22 of the Agricultural Adjustment Act, as amended, section 204 of the Agricultural Act of 1956, the Trade Agreements Extension Act of 1951, as amended, section 350 of the Tariff Act of 1930, as amended, or other law, should be exercised with respect to imports of any textiles or textile products. pp. 12110, 12121
19. LEGISLATIVE PROGRAM. Sen. Johnson announced that the watershed bill and the executive pay bill will be taken up as soon as possible. p. 12063
20. APPROPRIATIONS. Agreed to limitation of debate on the mutual security appropriation bill when it comes up for consideration, possibly this week. p. 12096
21. AREA ASSISTANCE. S. 2663, as reported (see Digest 118), to establish a program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, provides for establishment of an Area Redevelopment Administration within the executive branch under an Administrator; the establishment of a Government Advisory Committee on Area Redevelopment composed of certain heads of departments and agencies, including the Secretary of Agriculture; the appointment of a National Public Advisory Committee on Area Redevelopment composed of representatives of labor, management, agriculture, and the general public; the designation by the Administrator of "industrial redevelopment areas" and "rural redevelopment areas" in accordance with certain criteria; the conduct of special studies by the USDA upon request of the Administrator; and the issuance by the Administrator, with the approval of the President, of notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$225,000,000 to obtain funds for loans in carrying out redevelopment activities provided for in the bill. The committee report discusses the need for further development of underdeveloped rural areas and reviews the progress of this Department in this general area of activity.

HOUSE

22. FOREIGN TRADE. Passed with amendment S. 3903, to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase from \$1,500,000,000 to \$3,000,000,000 the amount for purposes of title I of the Act. The amendment to S. 3903 consisted of the insertion of the language of H. R. 11708, a similar bill, as amended and passed by the House. A provision of H. R. 11708 to authorize assistance to American-sponsored schools abroad was deleted by a point of order against it raised by Rep. Curtis, and a provision to authorize certain barter arrangements with communist-dominated countries was nullified by an amendment by Rep. Dodd prohibiting such barter arrangements by a vote of 92 to 62. The House also adopted amendments to provide that commodities disposed of under the Act must be in addition to sales of such commodities through normal world trade (by Rep. Whitten); to provide that fresh and frozen fruit be exempt from the provisions of cargo preference laws (by Reps. Mathews and Roosevelt); and to provide that the CCC shall make available to the President, for certain relief purposes, food in storage when certain urgent or extraordinary conditions exist (by Rep. Cooley). The bill, H. R. 11708, as amended, passed by a vote of 389 to 6. p. 12147
23. COMMODITY CREDIT CORPORATION. Received the conference report on S. 3820, to increase the borrowing authority of the CCC from \$12 billion to \$14.5 billion, make it a Federal offense to willfully steal or convert property mortgaged to a lending agency under a CCC program, and provide that offenses under the Act involving amounts of \$500 or less be reduced from a felony to a misdemeanor (H. Rept. 2772). p. 12174
24. AGRICULTURE COMMITTEE Reported the following bills: p. 12195
- S. 1079, with amendment, to authorize the Secretary of Agriculture to sell at not less than the appraised value, and under such terms and conditions as he deems appropriate, lands in the national forests which are isolated parcels or narrow projecting strips, when he finds such lands suitable for private ownership and better adapted to commercial, agricultural, residential, or private purposes other than to national forest purposes (H. Rept. 2791).
- S. 2216, without amendment, to amend the Act of March 4, 1915, to permit the use and occupancy of national forest lands for industrial and commercial purposes, and by States or political subdivisions for constructing facilities for education or other public uses (H. Rept. 2792).
- H. R. 5275, with amendment, to authorize FCIC to provide reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly-authorized agency of the Commonwealth of Puerto Rico (H. Rept. 2794).
- H. R. 11958, without amendment, to amend the acreage reserve provisions of the Soil Bank Act to permit inclusion of certain drought damaged acreage up to 30 days prior to harvest (H. Rept. 2795).
25. PERSONNEL. The Post Office and Civil Service Committee ordered reported (but did not actually report) S. 2875, to revise the Civil Service Retirement Act. The "Daily Digest" states that "as amended the major provisions of the House Committee approved bill are: 1. Maintain employee deductions at 6 percent and increase Members of Congress deductions to 7 percent; 2. provide annuity formula of 1 percent plus \$30 or 1 3/4 percent, whichever is the greater; 3. right to elect a survivorship annuity with the employee's annuity being reduced 3 percent on the first \$2,400 and 10 percent in excess of \$2,400; 4. retain the present right to retire at age 55 with 30 years of service;

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5. change the reduction factor below age 60 from 3 percent a year to $1\frac{1}{2}$ percent a year; 6. liberalize the disability benefits to provide that it shall be the lesser of 40 percent of average salary or the annuity which would have been earned at age 60; and 7. provide for an annuity upon involuntary separation at age 50 with 20 years of service as well as 25 years of service without regard to age." p. D831

26. APPROPRIATIONS. Conferees were appointed on H. R. 12138, the supplemental appropriation bill for 1957. Senate conferees were appointed on July 16. p. 12146
27. BUDGETING; ACCOUNTING. Conferees were appointed on S. 3897, to improve governmental budgeting and accounting methods and procedures. Senate conferees were appointed on July 17. p. 12146
28. FISHERIES. Conferees were appointed on S. 3275, to establish a sound and comprehensive national policy with respect to fisheries, to strengthen the fisheries segment of the national economy, to establish within the Interior Department a Fisheries Division, and to create and prescribe the functions of the U. S. Fisheries Commission. Senate conferees were appointed on July 17. p. 12174
29. RECLAMATION; ELECTRIFICATION. Conferees were appointed on S. 497, to authorize the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nev. and Calif. Senate conferees were appointed on July 16. p. 12142
- Rep. Green criticized the Administration's efforts to oppose the construction of a Federally owned high dam at Hells Canyon. p. 12185
- The Rules Committee reported a resolution for the consideration of H.R. 7435, to reauthorize construction by the Secretary of the Interior of the Farwell unit, Nebr., of the Missouri River Basin project. p. 12195
- The Interior and Insular Affairs Committee reported without amendment S. 3338, relating to rates charged to public bodies and cooperatives for electric power generated at Federal projects (H. Rept. 2788). p. 12195
30. ATOMIC ENERGY. Rep. Flood opposed intemperate consideration of bills to authorize an accelerated atomic energy electric power program and suggested that further contemplation be given to the peaceful application of atomic energy. p. 12185
- The Rules Committee reported a resolution for the consideration of H. R. 12061, to provide for a civilian atomic power acceleration program. p. 12195
31. FOREIGN AID. Both Houses received from the President the 37th annual report on Lend-Lease operations (H. Doc. 413); to the Senate Foreign Relations Committee and the House Foreign Affairs Committee. pp. 12031, 12176
- ITEMS IN APPENDIX
32. TEXTILES. Extension of remarks of Rep. Philbin stating that "...the same unfair competitive conditions now so seriously undermining the textile industry are developing with respect to other American industries..." and inserting an article on this subject. p. A5593
- Rep. Celler inserted a letter from the Textile Workers Union of America stating that whatever justifications there may be for consolidations of other industries and that whatever the benefits may be from such mergers that none has become evident in the textile industry. p. A5598
33. RECLAMATION. Rep. Dawson, Utah, inserted a series of newsletters outlining information concerning the Central Utah project, of the upper Colorado River

storage program. p. A5594

Rep. Miller, Neb., inserted Guy Jackson's pres., Nat'l Reclamation Ass'n, speech outlining the legislative history of the Federal reclamation program. p. A5618

Rep. Brooks, La., inserted a report he made to the National Rivers and Harbors Congress concerning the activities and achievements of the congress during the past year. p. A5643

34. FARM PRICES. Rep. McGregor inserted a newspaper article which stated that official statistics, based on a careful study of the farm situation, indicate an increase in farm prices. p. A5597

35. FISHERIES. Sen. Magnuson urged final action on S. 2379, which would provide aid to the fishing industry in the United States by providing for the training of needed personnel. p. A5599

36. FARM PROGRAM. Rep. McGregor inserted excerpts from various speeches he has made, including: farm problems---controls; farm vote on wheat referendum; permit farmers to grow what they need; and social security for farmers. p. A5620

Sen. Wiley inserted and discussed various newspaper articles "which show what I have done for farmers on such issues as farm parity, school milk, Dairy Day, dairy research, etc.. p. A5637

37. PUBLIC WORKS. Rep. Brooks, La., inserted Rep. Rabaut's address before the Rivers and Harbors Congress discussing the scope and responsibility of the Public Works Subcommittee of the Committee on Appropriations. p. A5626

38. POULTRY. Rep. Sullivan urged enactment of legislation to require compulsory poultry inspection and inserted her statement before the Poultry Subcommittee of the House Committee on Agriculture. p. A5628

39. SOIL BANK. Rep. Hill inserted a USDA news release summarizing the progress of the 1956 acreage reserve program. p. A5645

40. PERSONNEL. Sen. Martin inserted and commended a newspaper editorial critical of the theory that no inquiry should be made concerning the loyalty of persons holding so-called nonsensitive positions in Government. p. A5645

BILLS INTRODUCED

41. POULTRY. S. 4243, by Sen. Clements, to provide for the compulsory inspection by the United States Department of Agriculture of poultry and poultry products; to Agriculture and Forestry Committee.

42. LANDS. H. R. 12299, by Rep. Berry, to amend the act of August 5, 1947, to grant to owners of property adjacent to lands to be leased by the Secretary of the Army for agricultural or grazing purposes, certain rights with respect to the leasing of such lands; to Armed Services Committee.

43. RESEARCH. H. R. 12302, by Rep. Metcalf, to provide for cooperative unit programs of research, education, and demonstration between the Federal Government of the United States, colleges, and universities, the several States and Territories, and private organizations; to Merchant Marine and Fisheries Committee.

ADJUSTING THE RATES OF COMPENSATION OF THE HEADS OF EXECUTIVE DEPARTMENTS AND OF CERTAIN OTHER OFFICIALS OF THE FEDERAL GOVERNMENT AND FOR OTHER PURPOSES

JULY 18 (legislative day, JULY 16), 1956.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office
and Civil Service, submitted the following

R E P O R T

[To accompany H. R. 7619]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, report favorably thereon with an amendment, and recommend that the bill as amended, do pass.

AMENDMENT

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill which appears in the reported bill in italic type.

Title I of the bill as reported establishes new rates of basic compensation for heads of executive departments and other Federal officials.

Title II of the bill as reported relates to the organization of the Civil Service Commission.

Title III of the bill as reported relates to the establishment and classification of a variety of positions in the executive departments and contains a section relating to the affairs of the Post Office Department.

Title IV of the bill as reported relates to civil-service retirement.

Title V authorizes the establishment of additional scientific and professional positions in the Department of Defense, National Security Agency, National Advisory Committee for Aeronautics, Department of Interior and the Department of Commerce.

EXPLANATION OF BILL AS REPORTED

TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

Section 101 provides that this title may be cited as "Federal Executive Pay Act of 1956".

Section 102 establishes the rate of \$25,000 for Cabinet positions.

Section 103 (a) establishes the rate of \$22,500 for a small number of positions, the incumbents of which participate in Cabinet meetings or have other unusual responsibility.

Section 103 (b) establishes the rate of \$22,000 for each of the three Secretaries of the armed services.

Section 104 establishes the rate of \$21,000 for under secretaries and positions of comparable responsibility.

Section 105 establishes the rate of \$20,500 for the chairman of boards and commissions and positions of comparable responsibility.

Section 106 (a) establishes the rate of \$20,000 for assistant secretaries, members of boards and commissions and other positions of comparable responsibility.

Section 106 (b) establishes the rate of \$19,000 for two groups of commissioners.

Section 107 establishes the rate of \$17,500 for certain bureau heads, and so forth.

Section 108 provides that, unless otherwise specifically provided, the chairmen or heads of each independent board or commission shall receive \$500 more than the rate for the other members of such boards or commissions.

Section 109 establishes the rate of compensation of immediate staff assistants in the White House as follows: 2 at not to exceed \$22,500; 3 at not to exceed \$21,000; 7 at not to exceed \$20,000; and 3 at not to exceed \$17,500. The latter 3 positions were added by the committee to permit the President to adjust the salaries of 2 deputy assistants to the Deputy Assistant to the President and of 1 secretary to the Cabinet.

Section 110 raises the ceiling on 6 top positions in the International Cooperation Administration to \$19,000.

Section 111 raises the ceiling on salaries which may be paid to representatives (5) and alternates (5) to UNESCO to not to exceed \$15,000.

Section 112 raises the ceiling on the salaries of certain top positions established under the Mutual Security Act of 1954.

Section 113 adjusts the rates of pay of grades GS-17 and 18 of the Classification Act.

Section 114 adjusts the rates of pay of the three highest grades of the postal field service schedule contained in Public Law 68, 84th Congress.

Section 115 raises the salaries of the Chief Medical Director, the Deputy Chief Medical Director, and eight assistant chief medical directors in the Department of Medicine and Surgery, Veterans' Administration, from \$16,800, \$15,800 and \$14,800 to \$17,800, \$16,800 and \$15,800, respectively.

Section 116 amends several acts of Congress in which, since 1947, Congress has authorized a salary range of from \$10,000 to \$15,000

for a limited number of professional and scientific positions in research and development activities of specified agencies. The Civil Service Commission must approve in advance the salary rate to be established for each position (except those in Agriculture) and any subsequent changes, within the limits specified by law. The new salary range is \$12,500 to \$19,000. The section also repeals recently enacted law under which the ceiling on certain of these positions was fixed at \$20,000.

Section 117 provides that any employees referred to under section 116 who are being paid less than \$12,500 shall be increased to such rate.

Section 118 increases the compensation of the positions referred to in section 116 that are in the Department of Agriculture to correspond with the increases accorded similar positions in other agencies.

Section 119 provides for an adjustment in compensation of one staff position of each Senate committee.

Section 120 raises the compensation of the Legislative Counsel of the Senate.

Section 121 provides that the changes shall take effect at the beginning of the first pay period commencing after June 30, 1956.

TITLE II—RELATING TO ORGANIZATION OF CIVIL SERVICE COMMISSION

Section 201 amends the first section of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883, as amended (5 U. S. C., sec. 632) to provide:

(1) That the term of office of each Civil Service Commissioner shall be 6 years except that (a) the terms of the present three Commissioners shall be 2, 4, and 6 years, respectively, and (b) any Commissioner appointed to fill a vacancy shall be appointed for the remainder of the term, and (c) upon the expiration of his term, a Commissioner may continue to serve until his successor is appointed and qualified.

(2) That the President shall, from time to time, designate a Chairman and Vice Chairman of the Commission who shall, in order, be responsible for administration of the functions of the Civil Service Commission. In the absence of both the Chairman and the Vice Chairman, the third Commissioner becomes responsible, and in the absence of all three Commissioners, the Executive Director is responsible except that at no time does the Executive Director sit or act as a member of the Commission.

Section 202 provides that title II shall take effect on the date of enactment.

TITLE III—MISCELLANEOUS PROVISIONS

Section 301 provides for the appointment by the President, by and with the advice and consent of the Senate, of a General Counsel in the Post Office Department, Department of Agriculture, Department of Health, Education, and Welfare, Department of the Navy, Department of the Army, and Department of the Air Force.

It is provided, further, that existing Offices of General Counsel in these Departments and that of Solicitor in the Post Office Department are to be abolished upon appointment and qualification of the general counsels provided for under this section.

Section 302 authorizes the allocation of four positions in the Administrative Office of the United States Courts to grade 18 of the general schedule of the Classification Act.

Section 303 (a) allocates the positions of seven directors of commodity offices, Commodity Stabilization Service, Department of Agriculture, to grade 16 of the General Schedule of the Classification Act.

Section 303 (b) authorizes the allocation of three positions in the Agricultural Research Service, Department of Agriculture, to grade 18 of the general schedule of the Classification Act.

Section 304 establishes the new position of Federal Highway Administrator as the head of the Bureau of Public Roads in the Department of Commerce. Appointment to the position is by the President by and with the advice and consent to the Senate. The salary of the position is to be at the rate prescribed by law for assistant secretaries of executive departments.

The section provides also for a Commissioner of Public Roads who shall be appointed by the Secretary of Commerce, who shall perform such duties as may be prescribed by the Federal Highway Administrator.

Section 305 provides that the difference between fourth-class mail income and estimated fourth-class mail costs must be more than 10 percent before the Postmaster General is required to request changes in such rates before the Interstate Commerce Commission.

TITLE IV—CIVIL SERVICE RETIREMENT

Section 401 amends the Civil Service Retirement Act in its entirety. The basic changes made in each section of the Retirement Act as rewritten are as follows:

SECTION 1. DEFINITIONS

Various terms used throughout the existing law are accompanied either by definitions or by reference to a section which defines them. In other instances, regulations, precedent, and administrative rulings are relied upon for the meaning of the terms used.

Present meanings of terms are changed as follows:

Section 1 (b)

1. "Member [of Congress]" presently includes only a Senator, Representatives in Congress, Delegate from a Territory, and the Resident Commissioner from Puerto Rico. The bill includes the Vice President within this definition, so as to extend to that officer for the first time the option of participating in the retirement system on the same basis as a Member of Congress.

Section 1 (d)

2. "Basic salary" is defined under present law to permit the use of military pay in the computation of retirement benefits. The bill would bar the use of military pay for this purpose in the case of those hereafter entering the military service. This change is proposed because it is deemed inappropriate to permit the rate of annuity upon retirement from a civilian position to be based upon pay from a source other than civilian employment.

(NOTE.—This change in no way relates to or changes the present law and practice of crediting military service for retirement purposes.)

Section 1 (e)

3. "Average salary" for computing the annuities of all officers and employees except Members of Congress is presently the annual average of basic salary received during any 5 consecutive years of allowable service the individual may choose. For Members of Congress it presently consists of the annual average of all salary received for service being credited which was performed on or after August 3, 1946, up to date of separation. The bill, by definition of this term, requires that the annuities of all officers and employees, including Members of Congress, be based on an annual average of basic salary received during the highest 5 consecutive years of allowable service. This deletes the option to choose any other 5 consecutive year service period as the average salary base and, in effect, repeals the existing average salary concept for annuities of Members of Congress, established originally in the Legislative Reorganization Act of 1946.

Section 1 (j)

4. "Child" is defined under present law to allow automatic survivor annuity benefits to certain unmarried surviving children who are over age 18, if incapable of self-support by reason of physical or mental disability. The bill continues the present law in this regard, but adds the further condition that such child's disabling condition must have been incurred prior to age 18, in order to be eligible for the annuity.

Section 1 (l)

5. Under present law, lump-sum payments include retirement deductions, sums deposited by an employee or Member and interest on such deductions and deposits to the date of separation or to the date of entitlement to a deferred annuity or date of death, whichever is earlier except that no interest accrues if the service covered thereby aggregates 1 year or less. The bill defines "lump-sum credit" to end the practice of crediting interest after December 31, 1956, on the theory that to provide the protection afforded by the act as amended by the bill, and at the same time allow interest on deposits made for the purpose of obtaining protection amounts to dual benefits unwarranted by the circumstances. The bill makes no change in the crediting of interest in the case of persons separated with less than 5 years of service.

SECTION 2. COVERAGE

Section 2 (b)

Existing law excludes from coverage "elective officers in the executive branch of the Government." The bill, to avoid a conflict of provisions in its extension of retirement coverage and benefits to the Vice President, makes this specific exclusion applicable simply to "the President." Judges of the United States (as defined in sec. 451, title 28, U. S. C.) are not now specifically excluded. Contrary to the view of the Commission, the judicial conference in March 1950 expressed the opinion that these judges are not subject to the act. The bill clarifies their status by specifically excluding them.

Section 2 (e)

Under present law the President has authority to exclude executive branch employees whose tenure is intermittent or of uncertain dura-

tion. This authority has been delegated to the Civil Service Commission by Executive Order 10530. The bill confers this authority directly upon the Civil Service Commission, adding similar authority as regards District of Columbia employees where the District of Columbia Commissioners so recommend, but in all cases subject to the restriction that no employee shall be excluded from coverage who has had more than 12 months' continuous service.

Section 2 (g)

Provides for coverage under the Retirement Act of United States commissioners who receive annual compensation of at least \$3,000 for a period of at least 3 consecutive years.

SECTION 3. CREDITABLE SERVICE

Section 3 (a)

At present, all periods of separation from the service are excluded from credit for retirement purposes. The bill would exclude only those periods of separation which exceed 3 days. Most of the breaks in service of 1 or 2 days are the result of misunderstanding or clerical error where a transfer takes place over a weekend. This change is made primarily to improve and simplify the administration of the act.

Section 3 (g)

Existing law requires at least 1 year of creditable civilian service subject to the act within the 2-year period preceding separation before any title to annuity may exist based upon the separation; failure to meet this requirement does not take away any annuity right which may have existed based upon a previous separation. The bill continues this requirement in effect on a modified basis; it would no longer apply in case of separation by reason of death or on account of disability.

SECTION 4. DEDUCTIONS AND DEPOSITS

Section 4 (a)

Effective from the first day of the first pay period beginning after December 31, 1956, the bill raises the rate of retirement deductions for employees covered by the act from the present 6 to 7 percent of basic salary. The bill also newly requires that effective from the first day of the first pay period beginning after June 30, 1957, each department or agency shall contribute to the retirement fund amounts equal to the deductions currently withheld from the salaries of its employees, including Members of Congress, subject to the act. Special provision is made that amounts contributed by the Post Office Department under this subsection are not to be considered as costs of providing postal service, for the purpose of establishing postage rates. The contribution of Members is increased from 6 to 8 percent.

Section 4 (d)

Under present law when an employee in a position subject to another retirement system transfers to a position subject to the Civil Service Retirement Act, he receives credit for time in the first position whether or not he makes an appropriate deposit to the retirement fund for such period of time.

The bill requires each Member or employee who had received a refund of retirement deductions under another retirement system to redeposit such refund with interest before any credit would be allowed

under the Retirement Act for service covered by the refund. Adoption of this provision will prevent employees from receiving windfalls under certain conditions.

Section 4 (e)

Under existing law no interest is required covering periods of separation from the service in the case of deposits made by employees to cover periods for which no deductions were made or for which a refund was received. The bill provides that interest must be paid for periods of separation from the service as well as for periods of service. Interest would thus be charged for all periods during which the employee enjoyed the use of the money. The retirement fund would be earning interest on the money if it had been deposited into the fund.

SECTION 5. MANDATORY SEPARATION

Section 5 makes no changes in existing law.

SECTION 6. IMMEDIATE RETIREMENT

Section 6 (c)

Under existing provisions relating to the retirement of employees whose duties are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, the Civil Service Commission is required to give full consideration to the degree of hazard to which the employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by the employee. Under the bill the head of a department or agency would likewise be required to give consideration to these factors in recommending retirement of an employee under these provisions.

Section 6 (d)

Under present law a void exists with respect to employees with 20 or more years but less than 25 years of service who are involuntarily separated through no fault of their own. Employees who have over 20 years of service cannot withdraw their deposits from the retirement fund and because they have less than 25 years of service, they do not have entitlement to an immediate annuity. The bill proposes to alleviate this situation by providing an immediate annuity on a reduced basis to employees involuntarily separated who have attained the age of 50 years and have rendered 20 years of service.

SECTION 7. DISABILITY RETIREMENT

Section 7 (a)

Under present law an employee who completes 5 years of civilian service or a Member with 5 years' Member service may be retired due to disability. However, under existing law an employee cannot be retired due to disability if he is eligible for immediate retirement by reason of age and length of service. Thus, a situation exists under which departments may retire employees who become disabled before reaching retirement age but cannot retire disabled employees who have attained retirement age. The bill permits disability retirement in any case where the disabled employee or Member meets the minimum service requirements for annuity.

Section 7 (b)

In the interest of administrative simplicity, the bill makes some technical changes in regard to the filing of applications for retirements due to disability.

Section 7 (d)

Under present law the annuity of a disability annuitant who recovers before reaching age 60 is discontinued. The bill provides that if the earning capacity of such an annuitant is restored to a level fairly comparable to the current rate of pay for the position held immediately prior to retirement, his annuity shall be discontinued even though he has not attained complete recovery from a medical viewpoint.

Section 7 (e)

Under existing law if a disability annuitant recovers and is unable to obtain reemployment or for any other reason does not return to service under the act, he is considered as having been separated from service as of the date of his retirement for disability and entitled only to a deferred annuity at age 62. The bill modifies this provision so that a disability annuitant who recovers or is restored to earning capacity before he attains age 60 will be considered (except for service credit) as having been involuntarily separated from the service upon termination of the disability annuity. This change would permit the granting of immediate annuity if the employee is otherwise entitled.

SECTION 8. DEFERRED RETIREMENT

Section 8 (a)

Under existing law an employee subject to the Retirement Act who transfers to a position not within the purview of the act retains no annuity rights; he has title to a refund only, regardless of his length of service. The bill extends to any such transferee with 5 or more years of civilian service the right to a deferred annuity at age 62 if he does not draw a refund.

Section 8 (b)

A Member of Congress now has title to deferred annuity at age 62 if separated with at least 6 but less than 10 years of Member service; a Member separated with 10 or more years of Member service may receive a reduced annuity when he reaches age 60. A Member transferred to a position not within the purview of the Retirement Act has title to a refund only, regardless of length of service.

The bill provides that a Member separated from the service after completing 5 years of service may be paid a deferred annuity beginning at age 62.

SECTION 9. COMPUTATION OF ANNUITY

Section 9 (a)

Under present law the rate of annuity for employees generally is computed on the basis of 1½ percent of average basic salary times the number of years of service, or on the basis of 1 percent plus \$25, multiplied by the number of years of service, whichever is to the advantage of the employee. The 1 percent plus \$25 formula is favorable to employees whose average basic salary is not in excess of \$5,000 while the 1½ percent formula is used where the average salary is in excess of \$5,000. In either case, the total annuity of an employee,

irrespective of his length of service, may not exceed 80 percent of his average basic salary.

The bill retains the present formula for employees generally in respect to the first 5 years of service, and raises the computation base for the years of service in excess of 5. Under the bill the annuity is (a) 1½ percent, or \$25 plus 1 percent, of the average salary for the highest 5 consecutive years of all service multiplied by not more than 5 years of service, and (b) 2 percent, or \$25 plus 1 percent, of the highest 5-year average salary multiplied by all years of creditable service in excess of 5. The maximum on basic annuity is still 80 percent of the highest 5-year average salary.

The present law contains no minimum for a total disability annuity. The bill provides that the annuity of any employee retired due to total disability after meeting the 5-year eligibility requirement be at least (1) 40 percent of his average salary, or (2) the amount obtained after increasing his total service by the period elapsing between the date of his separation due to the disability and the date he attains the age of 60 years, whichever is the lesser. However, it is not intended that the provision shall serve to increase the benefits of the annuitant's survivors. Section 9 (b) extends these minimum disability benefits to congressional employees and section 9 (c) extends them to Members.

Section 9 (b)

The bill makes no changes in the annuity computation formula for congressional employees, except that the 1½ percent figure applicable to noncongressional service would be changed to 2 percent for all such service in excess of 5 years, in line with the change discussed under subsection (a) applicable to employees generally.

Section 9 (c)

The annuity computation formula for a Member of Congress would remain as at present except that (a) the 1½ percent figure applicable to noncongressional service performed prior to a separation from Member service would be changed to 2 percent for all years of such service in excess of 5, in line with the change discussed under subsections (a) and (b) for other officers and employees, and (b) the maximum basic annuity for a Member would be changed from 75 percent of final salary as a Member, to 80 percent.

Section 9 (d)

Under existing law an employee retiring prior to attainment of age 60 is required to take a reduction of one-fourth of 1 percent in his earned annuity for each full month he is under age 60 at the date of his separation.

The bill would lower the reduction formula to one-twelfth of 1 percent per month for each month up to 60 and one-sixth of 1 percent per month for each month in excess of 60 the employee is under the age of 60 at the time of his retirement.

Section 9 (f)

Under existing law an employee retiring on an immediate annuity with at least 15 years of service may elect a joint and survivorship annuity in favor of the surviving wife or husband. The bill changes the service prerequisite to a joint and survivorship election by an employee from 15 years to 5.

At the present time only an employee retiring on immediate annuity can elect a joint and survivorship annuity. The bill extends this right to employees receiving deferred annuities. It was felt that since employees entitled to deferred annuities contributed to the retirement fund at the same rate as other annuitants, and since they receive annuities computed in precisely the same manner as other annuitants, they should be entitled to provide the same protection to their survivors as other annuitants.

Under present law when an annuitant makes a joint and survivorship election he is required to take a reduction of 5 percent on the first \$1,500 of his annuity and 10 percent on all in excess thereof. The bill reduces the reduction on the first \$2,400 of the annuity to 2½ percent but leaves the 10-percent penalty on any amount in excess thereof.

The bill also permits an employee at the time of his retirement to designate the portion of his earned annuity upon the basis of which his survivor's annuity is to be computed.

Section 9 (g)

Under existing law the election of a joint and survivorship annuity by an unmarried annuitant carries with it a reduction of 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee except that the reduction for the 5-year span between 25 and 30 years is 10 percent. The bill changes this reduction for a joint and survivorship annuity to 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee with a maximum reduction of 40 percent.

Section 9 (i)

The bill retains the existing special annuity formula of 2 percent of high 5-year average salary times years of service for early optional retirement of investigative employees, but changes the maximum annuity provision under it from a limitation of 30 years on allowable service, to the 80 percent of high 5-year average salary maximum applicable to employees generally.

SECTION 10. SURVIVOR ANNUITIES

Section 10 (a) (1)

Under existing law, upon the death of any annuitant who elected the joint and survivorship annuity the widow or widower designated at the time of the annuitant's retirement is entitled to an annuity equal to one-half of the annuitant's earned annuity beginning on the first day of the month following the survivor's attainment of age 50, or on the first day of the month in which the annuitant's death occurs if the survivor is then 50 years of age or over, and is payable until the survivor remarries or dies.

Also, under existing law, upon the death of any male annuitant who was eligible to elect a joint and survivorship annuity and who is survived by a widow and children, an automatic immediate annuity is paid to the widow—regardless of whether or not the annuitant made such an election. This automatic annuity—to widows with dependent children—terminates when the widow reaches age 50, remarries, or dies, whichever occurs first. If the annuity is terminated by virtue of the widow having reached age 50, she receives no further

benefits unless the annuitant elected a joint and survivorship annuity at the time of his retirement.

The bill provides an automatic immediate survivor's annuity to the surviving wife or husband of every employee or Member of Congress who dies after having retired under any provision of the bill, if such surviving spouse was married to the annuitant at time of his or her retirement. The survivor's annuity is one-half of so much of the deceased annuitant's earned annuity as was designated by the annuitant for such purpose at the time of his retirement.

Section 10 (a) (2)

This subsection establishes the first of the month in which annuitant dies as the commencing date of the immediate survivor's annuity. It continues in effect the provision that the annuity shall terminate upon the survivor's death or remarriage.

Section 10 (c)

Under existing law, an automatic annuity, equal to 50 percent of the employee's or Member's earned annuity, is paid to the widow of an employee, or to the widow or widower of a Member, who dies after 5 years of civilian service.

The bill continues without change the automatic annuity to widows of both employees and Members and extends similar benefits to widowers of employees but requires that in either the case of an employee or Member the surviving widower must be a "dependent widower" to be eligible for such annuity. Annuities to spouses under this provision terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

Section 10 (d)

Automatic annuities are also paid under existing law to surviving dependent children upon the death of (1) an employee or Member with 5 or more years of service, (2) an employee annuitant retired under any provision except a deferred annuity, or (3) a Member retired for any reason. Except in the case of a female Member, no automatic annuity is paid to children of a female employee if a widower survives. If both an entitled spouse and child or children survive, each child is entitled to an annuity which is (1) 25 percent of the annuitant's regular earned annuity, (2) \$900 divided by the number of surviving children, or (3) \$360, whichever is least. If no entitled spouse survives, the annuity for each child is equal to (1) 50 percent of the annuitant's earned annuity, (2) \$1,200 divided by the number of surviving children, or (3) \$480, whichever is least. A child's annuity begins on the first day of the month after the employee or Member (or annuitant) dies and terminates upon the child's death, marriage, or attainment of age 18 (unless the child is incapable of self-support, in which event his becoming capable of self-support terminates the benefit). Upon the death of the widow or entitled widower, or the termination of annuity to a child, the annuities of the remaining child (or children) are recomputed.

The bill provides, in addition to benefits under existing law, for the payment of children's annuities where there is a surviving widower, provided such widower was dependent upon the employee or annuitant for his support.

Children's benefits are raised by the bill. Where a widow or dependent widower survives, each child receives an annuity equal to the

smallest of (1) 40 percent of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. Where the employee or Member of Congress leaves no widow, or widower, each child's annuity is equal to the smallest of (1) 50 percent of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children.

SECTION 11. LUMP-SUM BENEFITS

Section 11 (a)

The bill authorizes refund of the lump-sum credit to any employee separated with less than 20 years of civilian service, whereas present law authorizes such refund of the retirement account only provided the employee is not eligible for optional retirement (age 62 or over with 15 or more years of service) at time of separation.

SECTION 12. ADDITIONAL ANNUITIES

Members of Congress now have the privilege of making voluntary contributions to purchase additional annuity. However, the amount of such additional annuity in each case is determined by applying an actuarial factor based upon the retiring Member's age and sex.

The bill grants Members of Congress the privilege of making voluntary contributions to purchase additional annuity at the rate of \$7 per each \$100 so credited, with the \$7 increased by 20 cents for each full year the Member is over age 55 at date of retirement, thereby placing them in the same position in this respect as employees generally. No other change in existing law is made by section 12.

SECTION 13. REEMPLOYMENT OF ANNUITANTS

Section 13 (a)

Present law provides that no annuitant may be reappointed to any Government position after attaining age 60 unless the appointing authority determines that he has special qualifications.

Section 13 (a) provides that annuitants may be reemployed in any position for which they may be qualified and serve at the will of the appointing officer.

Section 13 (b)

The bill provides that if an annuitant is reemployed in an appointive or elective position subject to the Retirement Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund withheld from his salary. It provides further that if the former annuitant performs actual full-time service for a period of at least 1 year, his right to future annuities shall be redetermined. If the annuitant does not perform actual full-time service for at least a year his annuity payments are resumed without change and the deductions made from his salary for the retirement fund during such period are refunded to him.

Section 13 (c)

Under present law if a retired Member is reemployed other than as a Member, his annuity is continued in addition to his salary. How-

ever, if he resumes service as a Member, his annuity is suspended. Upon subsequent retirement, his annuity is resumed in the amount or, if he contributed to the retirement fund during the additional service, the additional service is considered in recomputing his annuity rights.

The bill suspends a former member's annuity during any period of reemployment in a position subject to the act.

SECTION 14. PAYMENT OF BENEFITS

The bill makes no change in this section, which relates to the mechanics of paying benefits under the act.

SECTION 15. EXEMPTION FROM LEGAL PROCESSES

Section 15 (b)

Under present law the Commission in its discretion may waive recovery of any overpayment of annuity when the recipient acted in good faith.

The bill retains the provision and extends the right of the Commission to waive recovery from a recipient to lump-sum payments. Recovery of lump sums can be just as inequitable as recovery of annuity payments.

SECTION 16. ADMINISTRATION

The bill makes no change in the existing general administrative provisions.

SECTION 17. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Section 17 (d)

Under present law currently available portions of the retirement fund as are not immediately required for payments from the fund are invested by the Secretary of the Treasury in securities of the United States. The law does not fix the interest rate for such securities. Most of the fund is invested at an interest rate of 3 percent.

The bill continues the authority of the Secretary of the Treasury to invest in securities of the United States, and provides for the issuance for purchase by the fund of public debt obligations bearing interest at the average rate (rounded to the nearest $\frac{1}{8}$ of 1 percent) borne by other public debt obligations having maturities at least 5 years after date of issue. Such obligations would be issued only if the Secretary found that purchase in the market of other Government obligations is not in the public interest.

SECTION 18. SHORT TITLE

Section 18 provides that the amended act may be cited as the "Civil Service Retirement Act."

Section 402 of the bill abolishes the special retirement system for civilian teachers at the Naval Academy and covers them under the Civil Service Retirement Act.

Section 403 of the bill carries out the purpose of S. 59 passed by the Senate July 19, 1955. The effect of section 3 is to make effective as

of April 1, 1948, certain benefits effective September 30, 1949. The Civil Service Retirement Act, as amended effective April 1, 1948, authorizes a husband, at the time of his retirement, to elect a survivorship annuity payable to his widow equal to 50 percent of the annuity otherwise payable to him. To obtain the benefit of this provision, the husband was required to take a reduction of 10 percent in the annuity payable to him. The act of September 30, 1949, reduced the reduction on the first \$1,500 of the husband's annuity from 10 to 5 percent for those who retired after such date.

Section 404 of the bill provides that the rights of persons separated prior to the effective date of this act shall continue in the same manner and to the same extent as if the act had not been enacted.

Section 405 of the bill provides that the current Vice President may elect retirement coverage on January 1, 1957, or within 15 days thereafter. In case of such election, his past service as Vice President shall be considered as covered service for the purpose of fulfilling the annuity title requirement of at least 1 year of covered service within the 2-year period preceding separation.

Section 406 of the bill declares it is the policy of Congress to correspondingly adjust the annuities of retired employees in the future, whenever any general adjustment is made in the salaries of Government employees. This would not operate to automatically raise or lower annuities with salary changes, but Congress must act specifically in each instance.

Section 407 of the bill amends the act of September 1, 1954 (Public Law 769, 83d Cong.), which prohibits payment of annuity or retired pay based on the service of individuals convicted of certain enumerated crimes against the United States or found responsible for certain other improper acts or omissions. The amendment extends this act to prohibit payment of annuity or retired pay in any case where the individual has been indicted for any of the enumerated Federal crimes and willfully, with knowledge of the indictment, remains outside the United States, its Territories and possessions, in excess of a year. The prohibition on benefit payments would be effective at the end of the 1-year period and would remain in force until entry of a nolle prosequi to the entire indictment, or until the individual returns and thereafter the indictment is dismissed or the accused is found not guilty under it.

Section 408 of the bill establishes January 1, 1957, as the effective date of the act.

Section 409 provides that the bill may be cited by short title as the "Civil Service Retirement Act Amendments of 1956."

TITLE V—ADDITIONAL SCIENTIFIC POSITIONS

Section 501 amends subsections (a) and (b) of the first section of Public Law 313, 80th Congress, and adds two additional subsections, so as to—

1. Increase from 45 to 275 the number of scientific positions available to the Department of Defense; and provide 50 such positions for the National Security Agency. Authority for establishing and fixing the compensation for all these positions (subject to approval by the Civil Service Commission) would be vested in the Secretary of Defense, contrary to present law which vests

such authority in the Secretary of Defense for 6 positions, and in the Secretary of each military department for 13 positions.

2. Increase from 10 to 60 the number of scientific and professional positions available to the National Advisory Committee for Aeronautics.

3. Provide 10 scientific and professional positions for the Department of the Interior.

4. Provide 35 scientific and professional positions for the Department of Commerce.

5. Protect the incumbents and the compensation for positions established previously by the Secretaries of Army, Navy, and Air Force, until action is taken by the Secretary of Defense under the new authority.

6. Require annual reports to the Congress from agencies establishing scientific and professional positions, showing—

(a) Number of positions established or in existence during the year;

(b) Information with respect to the incumbents of these positions and their duties; and

(c) Such other information as deemed appropriate, or requested by Congress.

CHANGES IN EXISTING LAW

Compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate has been omitted inasmuch as it is necessary, in the opinion of the committee, to dispense with the requirements of such subsection to expedite the business of the Senate.



Calendar No. 2687

84TH CONGRESS
2D SESSION

H. R. 7619

[Report No. 2642]

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar

JANUARY 5, 1956

Referred to the Committee on Post Office and Civil Service

JULY 18 (legislative day, JULY 16), 1956

Reported by Mr. JOHNSTON of South Carolina, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Executives Pay
4 Act of 1955".

5 ~~TITLE I—BASIC COMPENSATION FOR HEADS OF~~
6 ~~EXECUTIVE DEPARTMENTS AND OTHER FED-~~
7 ~~ERAL OFFICIALS~~

8 SEC. 101. The annual rate of basic compensation of the
9 head of each executive department and of the Secretary of
10 Defense shall be \$25,000.

1 SEC. 102. The annual rate of basic compensation of
2 the Deputy Secretary of Defense, of the Under Secretary
3 of State, of the Director, Office of Defense Mobilization,
4 of the Comptroller General of the United States, and of the
5 Director of the Bureau of the Budget shall be \$22,500.

6 SEC. 103. The annual rate of basic compensation of the
7 Secretary of the Army, of the Secretary of the Navy, of
8 the Secretary of the Air Force, of the Director of the
9 Federal Bureau of Investigation, Department of Justice,
10 and of the Director of Central Intelligence shall be \$22,000.

11 SEC. 104. Section 105 of title 3 of the United States
12 Code is amended to read as follows:

13 ~~“COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMIN-~~
14 ~~ISTRATIVE, AND STAFF ASSISTANTS TO THE PRESIDENT~~

15 “§ 105. The President is authorized to fix the compensa-
16 tion of the six administrative assistants authorized to be
17 appointed under section 106 of this title, of the Executive
18 Secretary of the National Security Council, and of five
19 other secretaries or other immediate staff assistants in the
20 White House Office, as follows: Two at rates not exceeding
21 \$22,500 per annum, three at rates not exceeding \$21,000
22 per annum, and seven at rates not exceeding \$19,000 per
23 annum.”

24 SEC. 105. The annual rate of basic compensation for each

1 of the offices or positions listed in this section shall be
2 \$21,000, as follows:

3 ~~(1) Each Under Secretary of an executive department~~
4 ~~(other than the Department of State);~~

5 ~~(2) The Deputy Postmaster General;~~

6 ~~(3) The Administrator of Veterans' Affairs;~~

7 ~~(4) The Administrator of General Services;—~~

8 ~~(5) The Administrator of the Housing and Home~~
9 ~~Finance Agency;~~

10 ~~(6) The Director of the International Cooperation~~
11 ~~Administration;~~

12 ~~(7) The Deputy Director of the Office of Defense~~
13 ~~Mobilization;~~

14 ~~(8) The Administrator of the Federal Civil Defense~~
15 ~~Administration;~~

16 ~~(9) The Chairman of the Renegotiation Board;~~

17 ~~(10) The Director of the United States Information~~
18 ~~Agency;~~

19 ~~(11) The President of the Export-Import Bank of~~
20 ~~Washington;~~

21 ~~(12) The Governor of the Farm Credit Administration;~~

22 ~~(13) The Chairman of the Council of Economic Ad-~~
23 ~~visors;~~

1 ~~(14) The Associate Director of the Federal Bureau of~~
2 ~~Investigation, Department of Justice.~~

3 SEC. 106. The annual rate of basic compensation for
4 each of the offices or positions listed in this section shall be
5 \$20,000, as follows:

6 ~~(1) The Assistant Comptroller General of the United~~
7 ~~States;~~

8 ~~(2) The Deputy Director of the Bureau of the Budget;~~

9 ~~(3) The Under Secretary of the Army;~~

10 ~~(4) The Under Secretary of the Navy;~~

11 ~~(5) The Under Secretary of the Air Force;~~

12 ~~(6) The Deputy Administrator of Veterans' Affairs;~~

13 ~~(7) The Director of the Federal Mediation and Con-~~
14 ~~ciliation Service;~~

15 ~~(8) The Chairman of the United States Civil Service~~
16 ~~Commission;~~

17 ~~(9) Each member (other than the Chairman) of the~~
18 ~~Council of Economic Advisors;~~

19 ~~(10) Each member of the Board of Governors of the~~
20 ~~Federal Reserve System;~~

21 ~~(11) Each member of the Board of Directors of the~~
22 ~~Federal Deposit Insurance Corporation;~~

23 ~~(12) The Comptroller of the Currency;~~

24 ~~(13) Each Deputy Under Secretary of the Department~~
25 ~~of State;~~

1 ~~(14)~~ The First Vice President of the Export-Import
2 Bank of Washington;

3 ~~(15)~~ The Chairman of the Federal Maritime Board,
4 Department of Commerce;

5 ~~(16)~~ The Deputy Director of the United States In-
6 formation Agency;

7 ~~(17)~~ The Deputy Administrator of the Federal Civil
8 Defense Administration;

9 ~~(18)~~ The Deputy Director of the International Coop-
10 eration Administration;

11 ~~(19)~~ The Deputy Director of Central Intelligence.

12 SEC. 107. ~~(a)~~ The annual rate of basic compensation
13 for each of the offices or positions listed in this section shall
14 be \$19,000, as follows:

15 ~~(1)~~ The Assistant to the Director of the Federal Bureau
16 of Investigation, Department of Justice;

17 ~~(2)~~ Each Assistant Secretary of an executive depart-
18 ment;

19 ~~(3)~~ Each Assistant Postmaster General;

20 ~~(4)~~ The Fiscal Assistant Secretary of the Treasury;

21 ~~(5)~~ The Director of the National Advisory Committee
22 for Aeronautics;

23 ~~(6)~~ Each member of the Civil Aeronautics Board;

24 ~~(7)~~ Each member of the Federal Communications
25 Commission;

- 1 ~~(8)~~ Each member of the Federal Power Commission;
- 2 ~~(9)~~ Each member of the Federal Trade Commission;
- 3 ~~(10)~~ Each member of the Interstate Commerce Com-
- 4 mission;
- 5 ~~(11)~~ Each member of the National Labor Relations
- 6 Board;
- 7 ~~(12)~~ Each member of the National Mediation Board;
- 8 ~~(13)~~ Each member of the Railroad Retirement Board;
- 9 ~~(14)~~ Each member of the Securities and Exchange
- 10 Commission;
- 11 ~~(15)~~ Each member of the Board of Directors of the
- 12 Tennessee Valley Authority;
- 13 ~~(16)~~ Each member (other than the Chairman) of the
- 14 United States Civil Service Commission;
- 15 ~~(17)~~ Each member of the United States Tariff Com-
- 16 mission;
- 17 ~~(18)~~ The General Counsel of the National Labor Re-
- 18 lations Board;
- 19 ~~(19)~~ The Deputy Administrator of General Services;
- 20 ~~(20)~~ The Archivist of the United States;
- 21 ~~(21)~~ The Commissioner of Internal Revenue;
- 22 ~~(22)~~ The Commissioner of Immigration and Natural-
- 23 ization;
- 24 ~~(23)~~ The Commissioner of Public Roads;

- 1 ~~(24)~~ The Administrator of Civil Aeronautics;
- 2 ~~(25)~~ The Administrator of the Rural Electrification
- 3 Administration;
- 4 ~~(26)~~ The Counselor of the Department of State;
- 5 ~~(27)~~ The Governor of Alaska;
- 6 ~~(28)~~ The Governor of Hawaii;
- 7 ~~(29)~~ The Governor of the Virgin Islands;
- 8 ~~(30)~~ The Governor of the Canal Zone;
- 9 ~~(31)~~ The Public Printer;
- 10 ~~(32)~~ The Librarian of Congress;
- 11 ~~(33)~~ The Architect of the Capitol;
- 12 ~~(34)~~ The President of the Federal National Mortgage
- 13 Association, Housing and Home Finance Agency;
- 14 ~~(35)~~ The Deputy Administrator of the Housing and
- 15 Home Finance Agency;
- 16 ~~(36)~~ Each member of the Home Loan Bank Board,
- 17 Housing and Home Finance Agency;
- 18 ~~(37)~~ The Public Housing Commissioner, Housing and
- 19 Home Finance Agency;
- 20 ~~(38)~~ The Federal Housing Commissioner, Housing and
- 21 Home Finance Agency;
- 22 ~~(39)~~ Each Assistant Secretary of the Army;
- 23 ~~(40)~~ Each Assistant Secretary of the Navy;
- 24 ~~(41)~~ Each Assistant Secretary of the Air Force;

- 1 (42) The Special Assistant to the Secretary (Health
2 and Medical Affairs, Department of Health, Education,
3 and Welfare;
- 4 (43) The Chairman of the Military Liaison Committee
5 to the Atomic Energy Commission, Department of Defense;
- 6 (44) The Administrator, Bureau of Security and Con-
7 sular Affairs, Department of State;
- 8 (45) Each member of the Board of Directors of the
9 Export-Import Bank of Washington;
- 10 (46) Each member of the Foreign Claims Settlement
11 Commission of the United States;
- 12 (47) Each member (other than the Chairman) of the
13 Federal Maritime Board, Department of Commerce;
- 14 (48) Each Assistant Director of the Bureau of the
15 Budget;
- 16 (49) Each member (other than the Chairman) of the
17 Renegotiation Board;
- 18 (50) The Administrator, Wage and Hour and Public
19 Contracts Divisions, Department of Labor;
- 20 (51) The Director of the National Science Foundation;
- 21 (52) Each member of the Subversive Activities Con-
22 trol Board;

1 ~~(53)~~ The Solicitor, General Counsel, Legal Adviser,
 2 or other chief legal officer of each executive department
 3 ~~(excluding the Department of Justice);~~

4 ~~(54)~~ The ten assistant directors, International Coop-
 5 eration Administration, designated under section 1 ~~(d)~~ of
 6 Reorganization Plan No. 7 of 1953 and section 527 ~~(b)~~
 7 of the Mutual Security Act of 1954, respectively;

8 ~~(55)~~ The Administrator of the Saint Lawrence Sea-
 9 way Development Corporation;

10 ~~(56)~~ The Administrator of the Small Business Ad-
 11 ministration.

12 ~~(b)~~ The first sentence of section 603 of title 28 of
 13 the United States Code ~~(relating to the annual compensa-~~
 14 ~~tion of the Director of the Administrative Office of the United~~
 15 ~~States Courts)~~ is amended to read as follows: "The Director
 16 shall receive a salary of \$19,000 a year."

17 SEC. 108. The annual rate of basic compensation for
 18 each of the offices or positions listed in this section shall be
 19 \$17,500, as follows:

20 ~~(1)~~ The Associate Director of the Federal Mediation
 21 and Conciliation Service;

1 ~~(2)~~ The Director of Selective Service;

2 ~~(3)~~ Each Commissioner of the Indian Claims Commis-
3 sion;

4 ~~(4)~~ Each Commissioner of the United States Court
5 of Claims;

6 ~~(5)~~ The Assistant Architect of the Capitol;

7 ~~(6)~~ The Chief Assistant Librarian of Congress;

8 ~~(7)~~ The Deputy Public Printer.

9 SEC. 109. The annual rate of basic compensation for
10 each of the offices or positions listed in this section shall be
11 \$17,000, as follows:

12 ~~(1)~~ The Treasurer of the United States;

13 ~~(2)~~ The Commissioner, Federal Supply Service, Gen-
14 eral Services Administration;

15 ~~(3)~~ The Director of the Bureau of Prisons, Depart-
16 ment of Justice;

17 ~~(4)~~ The Commissioner, Public Buildings Service, Gen-
18 eral Services Administration;

19 ~~(5)~~ The Commissioner of Social Security, Department
20 of Health, Education, and Welfare;

21 ~~(6)~~ The Commissioner of Reclamation, Department
22 of the Interior;

1 (7) The Commissioner of Customs, Department of the
2 Treasury;

3 (8) The Commissioner of Narcotics, Department of the
4 Treasury;

5 (9) The Administrator, Bonneville Power Adminis-
6 tration;

7 (10) The Deputy Administrator of the Saint Lawrence
8 Seaway Development Corporation;

9 (11) The Director, Division of Slum Clearance and
10 Urban Redevelopment, Housing and Home Finance Agency;

11 (12) The Director of Housing Research, Housing and
12 Home Finance Agency;

13 (13) Each Deputy Administrator, Small Business Ad-
14 ministration.

15 Sec. 110. Except as otherwise specifically provided in
16 this title, the chairman or other head of each independent
17 board or commission in the executive branch shall receive,
18 during the period of his service as chairman or other head
19 of such board or commission, annual basic compensation at
20 a rate which is \$500 more than the annual rate of basic
21 compensation prescribed by this title for the other members
22 of such board or commission.

1 TITLE II—INCREASES IN MAXIMUM LIMITA-
 2 TIONS ON BASIC COMPENSATION UNDER
 3 CLASSIFICATION ACT OF 1949 AND OTHER
 4 LAWS

5 SEC. 201. (a) The compensation schedule for the Gen-
 6 eral Schedule contained in section 603 (b) of the Classifica-
 7 tion Act of 1949, as amended, is amended by striking out:

"GS 17---- 13,975 14,190 14,405 14,620
 GS 18---- 14,800"

8 and inserting in lieu thereof:

"GS 17---- 13,975 14,190 14,405 14,620 14,835
 GS 18---- 16,000".

9 (b) The rates of basic compensation of officers and em-
 10 ployees to whom this section applies shall be initially ad-
 11 justed as follows:

12 (1) If the officer or employee is receiving basic com-
 13 pensation immediately prior to the effective date of this
 14 Act at a scheduled rate of grade 17 or 18 of the General
 15 Schedule, he shall receive a rate of basic compensation at
 16 the corresponding scheduled rate in effect on and after such
 17 date;

18 (2) If the officer or employee, immediately prior to the
 19 effective date of this Act, is in a position in grade 17 of the
 20 General Schedule and is receiving basic compensation at a
 21 rate between two scheduled rates of such grade, he shall

1 receive a rate of basic compensation at the higher of the
 2 two corresponding rates in effect on and after such date;

3 ~~(3)~~ If the officer or employee, immediately prior to
 4 the effective date of this Act, is in a position in grade 17
 5 of the General Schedule and is receiving basic compensation
 6 at a rate which is in excess of the maximum scheduled rate
 7 of his grade as provided in this section, he shall continue to
 8 receive such higher rate of basic compensation until ~~(A)~~ he
 9 leaves such position, or ~~(B)~~ he is entitled to receive basic
 10 compensation at a higher rate by reason of the operation
 11 of the Classification Act of 1949, as amended; but when
 12 such position becomes vacant, the rate of basic compensation
 13 of any subsequent appointee thereto shall be fixed in accord-
 14 ance with such Act, as amended.

15 SEC. 202. The Postal Field Service Schedule in section
 16 301 ~~(a)~~ of the Postal Field Service Compensation Act of
 17 1955 (Public Law 68, Eighty-fourth Congress) is amended
 18 by striking out:

"18-----	12,500	12,800	13,100	13,400	13,700	14,000	14,300
19-----	13,600	13,900	14,200	14,500	14,800		
20-----	14,800"						

19 and inserting in lieu thereof:

"18-----	12,800	13,100	13,400	13,700	14,000	14,300	14,600
19-----	14,000	14,300	14,600	14,900	15,200		
20-----	16,000"						

20 SEC. 203. Section 3 of the Act of January 3, 1946

1 as amended (38 U. S. C., sec. 15b), is hereby amended as
2 follows:

3 (1) The first paragraph of such section 3 as amended
4 by paragraph (1) of the first section of the Act of October
5 12, 1949 (63 Stat. 764), and the second and third para-
6 graphs of subsection (b) of such section 3 as amended by
7 paragraphs (3) and (4) of the first section of such Act
8 of October 12, 1949, are hereby redesignated as subsections
9 "(a)", "(c)", and "(d)", respectively, of section 3 of the
10 Act of January 3, 1946;

11 (2) The last sentence of section 3 (b) is amended to
12 read: "During the period of his service as such, the Chief
13 Medical Director shall be paid a salary of \$17,800 a year.";

14 (3) The last sentence of section 3 (c), as redesign-
15 nated by paragraph (1) of this section, is amended to read:
16 "During the period of his service as such, the Deputy Chief
17 Medical Director shall be paid a salary of \$16,800 a year.";
18 and

19 (4) That portion of the first sentence of section 3 (d),
20 as redesignated by paragraph (1) of this section, which
21 precedes the proviso in such sentence is amended to read:
22 "Each Assistant Chief Medical Director shall be appointed
23 by the Administrator upon the recommendation of the Chief
24 Medical Director and shall be paid a salary of \$15,800 a
25 year:".

1 ~~SEC. 204. (a)~~ Subsection ~~(c)~~ of the first section of the
 2 Act of August 1, 1947, as amended ~~(5 U. S. C., secs. 171p,~~
 3 ~~230, 476, and 626t; 50 U. S. C., sec. 158)~~, relating to
 4 limitations on rates of basic compensation for research and
 5 development positions requiring the services of specially
 6 qualified scientific or professional personnel in the Depart-
 7 ment of Defense and in the National Advisory Committee for
 8 Aeronautics, is amended ~~(1)~~ by striking out “\$10,000” and
 9 inserting in lieu thereof “\$12,500” and ~~(2)~~ by striking out
 10 “\$15,000” and inserting in lieu thereof “\$17,500”.

11 ~~(b)~~ Section 208 ~~(g)~~ of the Public Health Service Act,
 12 as amended ~~(42 U. S. C., sec. 210 (g))~~, relating to limita-
 13 tions on rates of basic compensation for research and develop-
 14 ment positions requiring the services of specially qualified
 15 scientific or professional personnel in the Public Health Serv-
 16 ice, is amended ~~(1)~~ by striking out “\$10,000” and inserting
 17 in lieu thereof “\$12,500” and ~~(2)~~ by striking out “\$15,000”
 18 and inserting in lieu thereof “\$17,500”.

19 ~~(c)~~ Section 12 of the Act of May 29, 1884, as amended
 20 ~~(62 Stat. 198; 21 U. S. C., sec. 113a)~~, relating to the
 21 maximum limitation on basic compensation for positions of
 22 technical experts or scientists for research and study of foot-
 23 and-mouth disease and other animal diseases, is amended by
 24 striking out “\$15,000” and inserting in lieu thereof
 25 “\$17,500”.

1 ~~(d)~~ The amendments contained in subsections ~~(a)~~ and
2 ~~(b)~~ of this section shall not affect the authority of the
3 United States Civil Service Commission or the procedure for
4 fixing the pay of individual officers or employees under the
5 provisions of law amended by such subsections ~~(a)~~ and ~~(b)~~;
6 except that the rate of basic compensation in effect immedi-
7 ately prior to the effective date of this Act of any officer or
8 employee to whom the provisions of law amended by this
9 section apply, which is less than a basic rate of \$12,500 per
10 annum, shall be increased to such rate on such effective date.

11 TITLE III—GENERAL PROVISIONS

12 SEC. 301. The following provisions of law are hereby
13 repealed:

14 ~~(1)~~ The Act entitled “An Act to increase rates of
15 compensation of the heads and assistant heads of executive
16 departments and independent agencies”, approved October
17 15, 1949 (Public Law 359, Eighty-first Congress; 63 Stat.
18 880), except section 2 ~~(b)~~, section 6 ~~(b)~~, section 6 ~~(c)~~,
19 section 6 ~~(d)~~, and section 9 thereof;

20 ~~(2)~~ That part of the paragraph under the heading
21 “Federal Bureau of Investigation” and under the subhead-
22 ing “Salaries and Expenses” contained in title II (the
23 Department of Justice Appropriation Act, 1956) of the
24 Departments of State and Justice, the Judiciary, and re-
25 lated agencies Appropriation Act, 1956 (Public Law 133,

1 Eighty-fourth Congress), which reads “: *Provided*, That
2 the compensation of the Director of the Bureau shall be
3 \$20,000 per annum so long as the position is held by the
4 present incumbent”; and

5 (3) That part of the first paragraph under the head-
6 ing “National Advisory Committee for Aeronautics” con-
7 tained in title I of the Independent Offices Appropriation
8 Act, 1956 (Public Law 112, Eighty-fourth Congress),
9 which reads “one Director at not to exceed \$17,500 per
10 annum so long as the position is held by the present
11 incumbent;”.

12 SEC. 302. Nothing contained in this Act shall be held
13 or considered to affect the last proviso in the paragraph un-
14 der the heading “Federal Prison System” and under the
15 subheading “Salaries and Expenses, Bureau of Prisons” con-
16 tained in title II (the Department of Justice Appropriation
17 Act, 1956) of the Departments of State and Justice, the
18 Judiciary, and related agencies Appropriation Act, 1956
19 (Public Law 133, Eighty-fourth Congress), which reads
20 “*Provided further*, That hereafter the compensation of the
21 Director of the Bureau shall be \$17,500 per annum so long
22 as the position is held by the present incumbent”.

23 SEC. 303. The rate of basic compensation of any officer
24 or employee of the Federal Government which is in effect

1 immediately prior to the effective date of this Act shall
2 not be reduced by reason of the enactment of this Act.

3 ~~SEC. 304.~~ This Act shall take effect at the beginning
4 of the first pay period following the date of enactment of
5 this Act.

6 *TITLE I—BASIC COMPENSATION FOR HEADS*
7 *OF EXECUTIVE DEPARTMENTS AND*
8 *OTHER FEDERAL OFFICIALS*

9 *SEC. 101. This title may be cited as "Federal Executive*
10 *Pay Act of 1956".*

11 *SEC. 102. The annual rate of basic compensation of*
12 *each of the offices or positions listed in this section shall be*
13 *\$25,000.*

14 *(1) Secretary of State.*

15 *(2) Secretary of Treasury.*

16 *(3) Secretary of Defense.*

17 *(4) Attorney General.*

18 *(5) Postmaster General.*

19 *(6) Secretary of the Interior.*

20 *(7) Secretary of Agriculture.*

21 *(8) Secretary of Commerce.*

22 *(9) Secretary of Labor.*

23 *(10) Secretary of Health, Education, and Welfare.*

24 *SEC. 103. (a) The annual rate of basic compensation*

1 of each of the offices or positions listed in this subsection shall
2 be \$22,500.

3 (1) Director, Bureau of the Budget.

4 (2) Comptroller General.

5 (3) Director, Office of Defense Mobilization.

6 (4) Under Secretary of State.

7 (5) Deputy Secretary of Defense.

8 (b) The annual rate of basic compensation of each of
9 the offices or positions listed in this subsection shall be \$22,000.

10 (1) Secretary of the Army.

11 (2) Secretary of the Navy.

12 (3) Secretary of the Air Force.

13 SEC. 104. The annual rate of basic compensation of
14 each of the offices or positions listed in this section shall be
15 \$21,000.

16 (1) Commissioner, Internal Revenue.

17 (2) Director of Central Intelligence.

18 (3) Director, Federal Bureau of Investigation.

19 (4) Administrator, Federal Civil Defense Administra-
20 tion.

21 (5) Administrator of General Services.

22 (6) Administrator of Housing and Home Finance
23 Agency.

24 (7) Administrator of Veterans' Affairs.

1 (8) *Director, International Cooperation Administration.*

2 (9) *Director, U. S. Information Agency.*

3 (10) *Governor, Farm Credit Administration.*

4 (11) *President, Export-Import Bank of Washington.*

5 (12) *Under Secretary of the Treasury.*

6 (13) *Under Secretary of the Treasury for Monetary*
7 *Affairs.*

8 (14) *Deputy Postmaster General.*

9 (15) *Under Secretary of Interior.*

10 (16) *Under Secretary of Agriculture.*

11 (17) *Under Secretary of Commerce.*

12 (18) *Under Secretary of Commerce for Transporta-*
13 *tion.*

14 (19) *Under Secretary of Labor.*

15 (20) *Under Secretary of Health, Education, and Wel-*
16 *fare.*

17 *SEC. 105. The annual rate of basic compensation of*
18 *each of the offices or positions listed in this section shall be*
19 *\$20,500.*

20 (1) *Chairman, Civil Aeronautics Board.*

21 (2) *Chairman, Civil Service Commission.*

22 (3) *Chairman, Council of Economic Advisers.*

23 (4) *Chairman, Federal Communications Commission.*

24 (5) *Chairman, Board of Directors, Federal Deposit*
25 *Insurance Corporation.*

- 1 (6) *Chairman, Federal Maritime Board.*
- 2 (7) *Chairman, Federal Power Commission.*
- 3 (8) *Chairman, Board of Governors, Federal Reserve*
- 4 *System.*
- 5 (9) *Chairman, Federal Trade Commission.*
- 6 (10) *Chairman, Foreign Claims Settlement Commis-*
- 7 *sion.*
- 8 (11) *Chairman, Home Loan Bank Board.*
- 9 (12) *Chairman, Interstate Commerce Commission.*
- 10 (13) *Chairman, National Labor Relations Board.*
- 11 (14) *Chairman, National Mediation Board.*
- 12 (15) *Chairman, Railroad Retirement Board.*
- 13 (16) *Chairman, Renegotiation Board.*
- 14 (17) *Chairman, Securities and Exchange Commission.*
- 15 (18) *Chairman, Subversive Activities Control Board.*
- 16 (19) *Chairman, Board of Directors, Tennessee Valley*
- 17 *Authority.*
- 18 (20) *Chairman, United States Tariff Commission.*
- 19 (21) *Comptroller of the Currency.*
- 20 (22) *Assistant Comptroller General.*
- 21 (23) *Deputy Administrator, Federal Civil Defense Ad-*
- 22 *ministration.*
- 23 (24) *Deputy Administrator of Veterans' Affairs.*
- 24 (25) *Deputy Director, Bureau of the Budget.*
- 25 (26) *Deputy Director, Central Intelligence Agency.*

1 (27) *Deputy Director, Office of Defense Mobilization.*

2 (28) *Deputy Director, United States Information*
3 *Agency.*

4 (29) *Deputy Under Secretary, Department of State*
5 *(3).*

6 (30) *Director, Federal Mediation and Conciliation*
7 *Service.*

8 (31) *First Vice President, Export-Import Bank of*
9 *Washington.*

10 *SEC. 106. (a) The annual rate of basic compensation of*
11 *each of the offices or positions listed in this subsection shall*
12 *be \$20,000.*

13 (1) *Administrator, Bureau of Security and Consular*
14 *Affairs, State Department.*

15 (2) *Administrator of Civil Aeronautics.*

16 (3) *Administrator, Commodity Stabilization Service.*

17 (4) *Administrator, Rural Electrification Administra-*
18 *tion.*

19 (5) *Administrator, Small Business Administration.*

20 (6) *Administrator, St. Lawrence Seaway Development*
21 *Corporation.*

22 (7) *Administrator, Wage and Hour Division, Depart-*
23 *ment of Labor.*

24 (8) *Archivist of the United States.*

25 (9) *Assistant Directors, Bureau of the Budget (2).*

- 1 (10) *Assistant Postmaster Generals (5).*
- 2 (11) *Assistant Secretaries of Agriculture (3).*
- 3 (12) *Assistant Secretaries of Commerce (3).*
- 4 (13) *Assistant Secretaries of Defense (9).*
- 5 (14) *Assistant Secretaries of Health, Education, and*
6 *Welfare (2).*
- 7 (15) *Assistant Secretaries of Interior (3).*
- 8 (16) *Assistant Secretaries of Labor (3).*
- 9 (17) *Assistant Secretaries of State (10).*
- 10 (18) *Assistant Secretaries of Treasury (3).*
- 11 (19) *Assistant Secretaries of Air Force (4).*
- 12 (20) *Assistant Secretaries of Army (4).*
- 13 (21) *Assistant Secretaries of Navy (4).*
- 14 (22) *Associate Director, Federal Bureau of Investi-*
15 *gation.*
- 16 (23) *Chairman, Military Liaison Committee, AEC,*
17 *Department of Defense.*
- 18 (24) *Commissioner, Community Facilities, Housing and*
19 *Home Finance Agency.*
- 20 (25) *Commissioner, Federal Housing Administration.*
- 21 (26) *Commissioner of Patents.*
- 22 (27) *Commissioner, Public Housing Administration.*
- 23 (28) *Commissioner, Urban Renewal Administration.*
- 24 (29) *Counselor of the Department of State.*

- 1 (30) *Deputy Administrator, Housing and Home*
2 *Finance Agency.*
- 3 (31) *Deputy Administrator, General Services Admin-*
4 *istration.*
- 5 (32) *Deputy Director, Central Intelligence Agency.*
- 6 (33) *Director, Administrative Office of the United*
7 *States Courts.*
- 8 (34) *Director, Bureau of Prisons.*
- 9 (35) *Director, National Advisory Committee for Aero-*
10 *nautics.*
- 11 (36) *Director, National Science Foundation.*
- 12 (37) *Director, Selective Service.*
- 13 (38) *Federal Highway Administrator.*
- 14 (39) *Fiscal Assistant Secretary of the Treasury.*
- 15 (40) *General Counsel, National Labor Relations Board.*
- 16 (41) *Governor of Alaska.*
- 17 (42) *Governor of the Canal Zone.*
- 18 (43) *Governor of Hawaii.*
- 19 (44) *Governor of Guam.*
- 20 (45) *Governor of the Virgin Islands.*
- 21 (46) *Librarian of Congress.*
- 22 (47) *President, Federal National Mortgage Association.*
- 23 (48) *Public Printer.*
- 24 (49) *Special Assistant to the Secretary, Department of*
25 *Health, Education, and Welfare.*

- 1 (50) *Under Secretary of the Army.*
- 2 (51) *Under Secretary of the Navy.*
- 3 (52) *Under Secretary of the Air Force.*
- 4 (53) *Legal Adviser, solicitor, or general counsel of an*
5 *executive department (excluding Department of Justice).*
- 6 (54) *Members of boards and commissions (excluding*
7 *chairmen):*
 - 8 *Civil Aeronautics Board (4).*
 - 9 *Civil Service Commission (2).*
 - 10 *Council of Economic Advisers (2).*
 - 11 *Board of Directors, Export-Import Bank of Wash-*
12 *ington (3).*
 - 13 *Federal Communications Commission (6).*
 - 14 *Federal Deposit Insurance Corporation (1).*
 - 15 *Board of Governors of Federal Reserve System (6).*
 - 16 *Federal Maritime Board (2).*
 - 17 *Foreign Claims Settlement Commission (2).*
 - 18 *Federal Power Commission (4).*
 - 19 *Federal Trade Commission (4).*
 - 20 *Home Loan Bank Board (2).*
 - 21 *Interstate Commerce Commission (10).*
 - 22 *National Labor Relations Board (4).*
 - 23 *National Mediation Board (2).*
 - 24 *Railroad Retirement Board (2).*

1 *Renegotiation Board (4).*

2 *Securities and Exchange Commission (4).*

3 *Subversive Activities Control Board (4).*

4 *Board of Directors, Tennessee Valley Authority (2).*

5 *U. S. Tariff Commission (5).*

6 *(b) The annual rate of basic compensation of each of*
7 *the offices or positions listed in this subsection shall be*
8 *\$19,000.*

9 *(1) Commissioner, Indian Claims Commission (3).*

10 *(2) Commissioner, United States Court of Claims*
11 *(12).*

12 *SEC. 107. The annual rate of basic compensation of*
13 *each of the offices or positions listed in this section shall be*
14 *\$17,500.*

15 *(1) Administrator, Agricultural Research Service, De-*
16 *partment of Agriculture.*

17 *(2) Administrator, Bonneville Power Administration.*

18 *(3) Administrator, Farmers' Home Administration.*

19 *(4) Administrator, Soil Conservation Service, Depart-*
20 *ment of Agriculture.*

21 *(5) Assistant Director, Administrative Office of the*
22 *United States Courts.*

23 *(6) Associate Director, Federal Mediation and Con-*
24 *ciliation Service.*

25 *(7) Chief Assistant Librarian of Congress.*

1 (8) *Chief Forester of the Forest Service, Department*
 2 *of Agriculture.*

3 (9) *Chief of Staff, Joint Committee on Internal Reve-*
 4 *nue Taxation.*

5 (10) *Commissioner of Customs.*

6 (11) *Commissioner, Federal Supply Service, General*
 7 *Services Administration.*

8 (12) *Commissioner of Narcotics.*

9 (13) *Commissioner of Public Buildings Service.*

10 (14) *Commissioner of Public Roads.*

11 (15) *Commissioner of Reclamation.*

12 (16) *Commissioner of Social Security.*

13 (17) *Commissioner, United States Court of Claims*
 14 *(12).*

15 (18) *Deputy Administrator, Small Business Adminis-*
 16 *tration (2).*

17 (19) *Deputy Adminisrator, St. Lawrence Seaway De-*
 18 *velopment Corporation.*

19 (20) *Deputy Commissioner, Internal Revenue.*

20 (21) *Deputy Public Printer.*

21 (22) *First Assistant Commission of Patents.*

22 (23) *Manager, Federal Crop Insurance Corporation,*
 23 *Department of Agriculture.*

24 *SEC. 108. Except as otherwise specifically provided in*
 25 *this title, the chairman or other head of each independent*

1 board or commission in the executive branch shall receive,
2 during the period of his service as chairman or other head
3 of such board or commission, annual basic compensation at
4 a rate which is \$500 more than the annual rate of basic
5 compensation prescribed by this title for the other members
6 of such board or commission.

7 SEC. 109. Section 105 of title 3 of the United States
8 Code is amended to read as follows:

9 "§ 105. Compensation of secretaries and executive, adminis-
10 trative, and staff assistants to President.

11 "The President is authorized to fix the compensation
12 of the six administrative assistants authorized to be appointed
13 under section 106 of this title, of the Executive Secretary
14 of the National Security Council, and of eight other secre-
15 taries or other immediate staff assistants in the White House
16 Office, as follows: Two at rates not exceeding \$22,500 per
17 annum, three at rates not exceeding \$21,000 per annum, seven
18 at rates not exceeding \$20,000 per annum, and three at rates
19 not exceeding \$17,500 per annum."

20 SEC. 110. The annual compensation for each of the
21 offices established by section 1 (d) of Reorganization Plan
22 Numbered 7 of 1953, effective August 1, 1953 (67 Stat.
23 639) shall be established by the Secretary of State at a rate
24 not more than \$19,000.

25 SEC. 111. Section 2 of Public Law 565, Seventy-ninth

1 Congress, approved July 30, 1946 (60 Stat. 712), is
 2 amended by striking out "\$12,000" and inserting in lieu
 3 thereof "\$15,000".

4 SEC. 112. Section 527 (b) of the Mutual Security Act
 5 of 1954, approved August 26, 1954 (Public Law 665,
 6 Eighty-third Congress (68 Stat. 832)) is amended by striking
 7 out "\$15,000 per annum" and inserting in lieu thereof
 8 "\$19,000 per annum".

9 SEC. 113. (a) The compensation schedule for the Gen-
 10 eral Schedule contained in section 603 (b) of the Classi-
 11 fication Act of 1949, as amended, is amended by striking
 12 out:

"GS-17-----	13,975	14,190	14,405	14,620
GS-18-----	14,800"			

13 and inserting in lieu thereof:

"GS-17-----	13,975	14,190	14,405	14,620	14,835
GS-18-----	16,000".				

14 (b) The rates of basic compensation of officers and
 15 employees to whom this section applies shall be initially
 16 adjusted as follows:

17 (1) If the officer or employee is receiving basic com-
 18 pensation immediately prior to the effective date of this
 19 Act at a scheduled rate of grade 17 or 18 of the General
 20 Schedule, he shall receive a rate of basic compensation at
 21 the corresponding scheduled rate in effect on and after such
 22 date;

1 (2) If the officer or employee, immediately prior to the
 2 effective date of this section, is in a position in grade 17
 3 of the General Schedule and is receiving basic compensation
 4 at a rate between two scheduled rates of such grade, he
 5 shall receive a rate of basic compensation at the higher of
 6 the two corresponding rates in effect on and after such date;

7 (3) If the officer or employee, immediately prior to
 8 the effective date of this section, is in a position in grade
 9 17 of the General Schedule and is receiving basic compen-
 10 sation at a rate which is in excess of the maximum scheduled
 11 rate of his grade as provided in this section, he shall continue
 12 to receive such higher rate of basic compensation until (i)
 13 he leaves such position, or (ii) he is entitled to receive
 14 basic compensation at a higher rate by reason of the opera-
 15 tion of the Classification Act of 1949, as amended; but when
 16 such position becomes vacant, the rate of basic compensation
 17 of any subsequent appointee thereto shall be fixed in accord-
 18 ance with such Act, as amended.

19 SEC. 114. The Postal Field Service Schedule in section
 20 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th
 21 Congress) is amended by striking out:

"18-----	12,500	12,800	13,100	13,400	13,700	14,000	14,300
19-----	13,600	13,900	14,200	14,500	14,800		
20-----	14,800"						

22 and inserting in lieu thereof:

"18-----	12,800	13,100	13,400	13,700	14,000	14,300	14,600
19-----	14,000	14,300	14,600	14,900	15,200		
20-----	16,000".						

1 *SEC. 115. Section 3 of the Act of January 3, 1946, as*
2 *amended (38 U. S. C. 15b), is hereby amended as follows:*

3 *(a) The last sentence of section 3 (b) is amended to*
4 *read: "During the period of his service as such, the Chief*
5 *Medical Director shall be paid a salary of \$17,800 a year."*

6 *(b) The last sentence of section 3 (c) is amended to*
7 *read: "During the period of his service as such, the Deputy*
8 *Chief Medical Director shall be paid a salary of \$16,800*
9 *a year."*

10 *(c) That portion of section 3 (d) which precedes the*
11 *proviso is amended to read: "Each Assistant Chief Medical*
12 *Director shall be appointed by the Administrator upon the*
13 *recommendation of the Chief Medical Director and shall be*
14 *paid a salary of \$15,800."*

15 *SEC. 116. (a) The first section of the Act approved*
16 *August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth*
17 *Congress), as amended, relating to salary limitations on re-*
18 *search and development positions requiring the services of*
19 *pecially qualified scientific or professional personnel in cer-*
20 *tain departments and agencies, is amended by striking out*
21 *"\$10,000" and "\$15,000" and inserting in lieu thereof*
22 *"\$12,500" and "\$19,000", respectively.*

23 *(b) Section 208 (g) of the Public Health Service Act,*
24 *as amended (42 U. S. C. 210 (g)), relating to salary lim-*
25 *itations on research and development positions requiring the*

1 services of specially qualified scientific or professional per-
2 sonnel in the Public Health Service is amended by striking
3 out "\$10,000" and "\$20,000" and inserting in lieu thereof
4 "\$12,000" and "\$19,000", respectively.

5 SEC. 117. The salary amendments contained in section
6 116 shall not affect the authority of the Civil Service Com-
7 mission or the procedure for fixing the pay of individual offi-
8 cers or employees under the statutes therein amended; except
9 that the existing rate of basic compensation of any officer or
10 employee to whom such section applies which is less than a rate
11 of \$12,500 per annum shall be increased to such rate on the
12 effective date of this title.

13 SEC. 118. Section 12 of the Act of May 29, 1884, as
14 amended (21 U. S. C. 113a), relating to salary limitation
15 on technical experts or scientists for research and study of
16 foot-and-mouth disease and other animal diseases, is hereby
17 amended by striking out "\$15,000" and inserting in lieu
18 thereof "\$19,000".

19 SEC. 119. The last paragraph under the heading "Con-
20 tingent Expenses of the Senate" in the Legislative Appropri-
21 ation Act, 1956, is amended by striking out so much thereof
22 as reads "the basic compensation of one employee of each
23 such committee may be fixed at any rate not in excess of
24 \$8,460 per annum" and inserting in lieu thereof "the basic

1 compensation of two employees of each such committee may
2 be fixed at any rate not in excess of \$8,460 per annum”.

3 *SEC. 120.* The gross rate of compensation of the Legis-
4 lative Counsel of the Senate shall be \$17,500 per annum.

5 *SEC. 121.* This title shall take effect at the beginning
6 of the first pay period commencing after June 30, 1956.

7 **TITLE II—PROVISIONS RELATING TO ORGAN-**
8 **IZATION OF CIVIL SERVICE COMMISSION**

9 *SEC. 201. (a)* The first section of the Act entitled “An
10 Act to regulate and improve the civil service of the United
11 States”, approved January 16, 1883, as amended (5
12 U. S. C., sec. 632), is amended by inserting immediately
13 after the first paragraph thereof a paragraph as follows:

14 “The term of office of each such Commissioner shall be
15 six years, except that (1) the terms of office of the Commis-
16 sioners holding office on the effective date of this paragraph
17 (including the term of office of an individual appointed to
18 fill any vacancy in the Commission existing on such effective
19 date) shall expire, as designated by the President, one at the
20 end of two years, one at the end of four years, and one at the
21 end of six years, after such effective date; (2) any Commis-
22 sioner appointed to fill a vacancy occurring prior to the ex-
23 piration of the term of his predecessor shall be appointed for

1 *the remainder of such term; and (3) upon the expiration of*
2 *his term of office a Commissioner may continue to serve until*
3 *his successor is appointed and has qualified."*

4 *(b) Such first section of such Act of January 16, 1883,*
5 *is further amended by adding at the end thereof the follow-*
6 *ing paragraph:*

7 *"In addition to designating a Chairman of the Com-*
8 *mission from time to time, pursuant to section 1 of Reor-*
9 *ganization Plan Numbered 5 of 1949, the President shall*
10 *from time to time designate one of the Commissioners as*
11 *Vice Chairman of the Commission. During the absence*
12 *or disability of the Commissioner designated as Chairman,*
13 *or in the event of a vacancy in the office of such Commis-*
14 *sioner, the Commissioner designated as Vice Chairman shall*
15 *perform those functions of the Chairman which were trans-*
16 *ferred to the Chairman by the provisions of section 2 (a)*
17 *(2) to 2 (a) (6), inclusive, of such Reorganization Plan.*
18 *During the absence or disability of both the Commissioner*
19 *designated as Chairman and the Commissioner designated as*
20 *Vice Chairman, or in the event of vacancies in the offices*
21 *of both such Commissioners, the remaining Commissioner*
22 *shall perform such functions. During the absence or dis-*
23 *ability of all three Commissioners, or in the event of vacancies*
24 *in the offices of all three Commissioners, the Executive Direc-*
25 *tor shall perform such functions; but the Executive Director*

1 shall at no time sit as a member or acting member of the
2 Commission.”

3 SEC. 202. (a) This section and section 201 (b) shall
4 take effect on the date of enactment of this Act.

5 (b) Section 201 (a) shall take effect on March 1, 1957.

6 TITLE III—MISCELLANEOUS PROVISIONS

7 SEC. 301. (a) The President shall hereafter appoint,
8 by and with the advice and consent of the Senate, a General
9 Counsel of the Post Office Department, a General Counsel
10 of the Department of Agriculture, a General Counsel of the
11 Department of Health, Education, and Welfare, a General
12 Counsel of the Department of the Army, a General Counsel
13 of the Department of the Navy, and a General Counsel of
14 the Department of the Air Force.

15 (b) The existing office of Solicitor of the Post Office
16 Department and the existing offices of General Counsel of
17 the Department of Agriculture, the Department of Health,
18 Education, and Welfare, the Department of the Army, the
19 Department of the Navy, and the Department of the Air
20 Force, shall be abolished effective upon the appointment and
21 qualification of the General Counsels of such respective de-
22 partments provided for by subsection (a) or April 1, 1957,
23 whichever is earlier.

24 SEC. 302. Section 505 of the Classification Act of 1949,
25 as amended, is amended by striking out “subsections (c),

1 (d), and (e)” in subsection (b) and inserting in lieu thereof
2 “subsections (c), (d), (e), and (f)”; and by adding at the
3 end of such section a new subsection as follows:

4 “(f) The Director of the Administrative Office of the
5 United States Courts is authorized to place a total of four
6 positions in the Administrative Office of the United States
7 Courts in grade 18 of the General Schedule. Such posi-
8 tions shall be in addition to the number of positions
9 authorized to be placed in such grade by subsection (b).”

10 SEC. 303. (a) The positions of seven Directors of Com-
11 modity Offices, Commodity Stabilization Service, Department
12 of Agriculture, shall be in grade GS-16 of the General Sched-
13 ule established by the Classification Act of 1949, as amended.
14 Such positions shall be in addition to the number of positions
15 authorized to be placed in such grade by section 505 (b) of
16 such Act.

17 (b) The positions of three Deputy Administrators of the
18 Agricultural Research Service, Department of Agriculture,
19 shall be in grade GS-18 of the General Schedule established
20 by the Classification Act of 1949, as amended. Such positions
21 shall be in addition to the number of positions authorized
22 to be placed in such grade by section 505 (b) of such Act.

23 SEC. 304. (a) Notwithstanding any other provision of
24 law, order, or regulation, the head of the Bureau of Public
25 Roads in the Department of Commerce shall be a Federal

1 *Highway Administrator appointed by the President by and*
2 *with the advice and consent of the Senate. The Administra-*
3 *tor shall receive basic compensation at the rate prescribed*
4 *by law for Assistant Secretaries of executive departments*
5 *and shall perform such duties as the Secretary of Commerce*
6 *may prescribe or as may be required by law.*

7 (b) *The term "Commissioner of Public Roads", as*
8 *used in all laws, orders, and regulations heretofore enacted,*
9 *issued, or promulgated, shall be deemed to mean "Federal*
10 *Highway Administrator" on and after the date of enactment*
11 *of this Act.*

12 (c) *Notwithstanding the provisions of subsection (b)*
13 *hercof, there shall be a Commissioner of Public Roads in*
14 *the Bureau of Public Roads who shall be appointed by the*
15 *Secretary of Commerce, and perform such duties as may*
16 *be prescribed by the Federal Highway Administrator.*

17 SEC. 305. *The paragraph under the heading "General*
18 *Provisions" under the appropriations for the Post Office De-*
19 *partment contained in chapter IV of the Supplemental Ap-*
20 *propriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695),*
21 *is amended by striking out "the receipt of revenue from*
22 *fourth-class mail service sufficient to pay the cost of such*
23 *service" and inserting "that the cost of fourth-class mail serv-*
24 *ice will not exceed by more than 10 per centum the revenues*
25 *therefrom".*

1 *TITLE IV—CIVIL SERVICE RETIREMENT*

2 *SEC. 401. The Civil Service Retirement Act of May*
3 *29, 1930, as amended, is amended to read as follows:*

4 *“DEFINITIONS*

5 *“SECTION 1. Wherever used in this Act—*

6 *“(a) The term ‘employee’ shall mean a civilian officer*
7 *or employee in or under the Government and, except for*
8 *purposes of section 2, shall mean a person to whom this Act*
9 *applies.*

10 *“(b) The term ‘Member’ shall mean the Vice President,*
11 *a United States Senator, Representative in Congress, Delegate*
12 *from a Territory, or the Resident Commissioner from Puerto*
13 *Rico, and, except for purposes of section 2, shall mean a*
14 *Member to whom this Act applies.*

15 *“(c) The term ‘congressional employee’ means an em-*
16 *ployee of the Senate or House of Representatives or of a*
17 *committee of either House, an employee of a joint committee*
18 *of the two Houses, an elected officer of the Senate or House*
19 *of Representatives who is not a Member of either House, the*
20 *Legislative Counsel of the Senate and the Legislative Coun-*
21 *sel of the House of Representatives and the employees in*
22 *their respective offices, an Official Reporter of Debates of the*
23 *Senate and a person employed by the Official Reporters of*
24 *Debates of the Senate in connection with the performance of*
25 *their official duties, a member of the Capitol Police force, an*

1 *employee of the Vice President if such employee's compen-*
2 *sation is disbursed by the Secretary of the Senate, and an em-*
3 *ployee of a Member if such employee's compensation is dis-*
4 *bursed by the Secretary of the Senate or the Clerk of the*
5 *House of Representatives.*

6 “(d) The term ‘basic salary’ shall not include bonuses,
7 allowances, overtime pay, or salary, pay, or compensation
8 given in addition to the base pay of the position as fixed by
9 law or regulation: Provided, That the term ‘basic salary’
10 shall not include military pay for persons who enter upon
11 active military service after the effective date of this Act:
12 And provided further, That for employees paid on a fee
13 basis, the maximum amount of basic salary which may be
14 used shall be \$10,000 per annum. For a Member, the term
15 ‘basic salary’ shall include, from April 1, 1954, to February
16 28, 1955, the amount received as expense allowance under
17 section 601 (b) of the Legislative Reorganization Act of
18 1946, as amended, and such amount from January 3, 1953,
19 to March 31, 1954, provided deposit is made thereon as
20 provided in section 4.

21 “(e) The term ‘average salary’ shall mean the largest
22 annual rate resulting from averaging, over any period of
23 five consecutive years of creditable service, a Member's or
24 an employee's rates of basic salary in effect during such
25 period, with each rate weighted by the time it was in effect.

1 “(f) The term ‘fund’ shall mean the civil service retire-
2 ment and disability fund created by the Act of May 22,
3 1920.

4 “(g) The terms ‘disabled’ and ‘disability’ shall mean
5 totally disabled for useful and efficient service in the grade or
6 class of position last occupied by the employee or Member
7 by reason of disease or injury not due to vicious habits, in-
8 temperance, or willful misconduct on his part within the
9 five years next prior to becoming so disabled.

10 “(h) The term ‘widow’, for purposes of section 10,
11 shall mean the surviving wife of an employee or Member
12 who was married to such individual for at least two years
13 immediately preceding his death or is the mother of issue
14 by such marriage.

15 “(i) The term ‘widower’, for purposes of section 10,
16 shall mean the surviving husband of an employee or Member
17 who was married to such employee or Member for at least
18 two years immediately preceding her death or is the father
19 of issue by such marriage. The term ‘dependent widower’,
20 for purposes of section 10, shall mean a ‘widower’ who is
21 incapable of self-support by reason of mental or physical
22 disability, and who received more than one-half his support
23 from such employee or Member.

24 “(j) The term ‘child’, for purposes of section 10, shall
25 mean an unmarried child, including (1) an adopted child,

1 *and (2) a stepchild or recognized natural child who received*
2 *more than one-half his support from and lived with the Mem-*
3 *ber or employee in a regular parent-child relationship, under*
4 *the age of eighteen years, or such unmarried child regardless*
5 *of age who because of physical or mental disability incurred*
6 *before age eighteen is incapable of self-support.*

7 “(k) the term ‘Government’ shall mean the executive,
8 judicial, and legislative branches of the United States Gov-
9 ernment, including Government-owned or controlled cor-
10 porations and Gallaudet College, and the municipal govern-
11 ment of the District of Columbia.

12 “(l) The term ‘lump-sum credit’ shall mean the unre-
13 funded amount consisting of (1) the retirement deductions
14 made from the basic salary of an employee or Member, (2)
15 any sums deposited by an employee or Member covering
16 prior service, and (3) interest on such deductions and de-
17 posits at 4 per centum per annum to December 31, 1947,
18 and 3 per centum per annum thereafter compounded annu-
19 ally to December 31, 1956 or, in the case of an employee
20 separated or transferred to a position not within the purview
21 of this Act before he has completed five years service or a
22 member separated before he has completed five years of Mem-
23 ber service, to the date of the separation or transfer. The
24 lump-sum credit shall not include interest if the service cov-

1 ered thereby aggregates one year or less, nor shall it include
2 interest for the fractional part of a month in the total service.

3 “(m) The term ‘Commission’ shall mean the United
4 States Civil Service Commission.

5 “(n) The term “annuitant” shall mean any former em-
6 ployee or Member who, on the basis of his service, has met
7 all requirements of the Act for title to annuity and has filed
8 claim therefor.

9 “(o) The term ‘survivor’ shall mean a person who is
10 entitled to annuity under this Act based on the service of a
11 deceased employee or Member or of a deceased annuitant.

12 “(p) The term ‘survivor annuitant’ shall mean a sur-
13 vivor who has filed claim for annuity.

14 “(q) The term ‘service’ shall mean employment which
15 is creditable under section 3.

16 “(r) The term ‘military service’ shall mean honorable
17 active service in the Army, Navy, Air Force, Marine Corps,
18 or Coast Guard of the United States, but shall not include
19 service in the National Guard except when ordered to active
20 duty in the service of the United States.

21 “(s) The term ‘Member service’ shall mean service as
22 a Member and shall include the period from the date of the
23 beginning of the term for which the Member is elected or
24 appointed to the date on which he takes office as a Member.

"COVERAGE

"SEC. 2. (a) *This Act shall apply to each employee and Member, except as hereinafter provided.*

"(b) *This Act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.*

"(c) *This Act shall not apply to any Member or to any congressional employee until he gives notice in writing, within six months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.*

"(d) *This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing, within six months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.*

"(e) *The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is*

1 temporary or intermittent, except that no employee shall be
2 excluded under this subsection after he shall have had more
3 than twelve months' continuous service.

4 “(f) This Act shall not apply to any temporary em-
5 ployee of the Administrative Office of the United States
6 Courts, of the courts specified in section 610 of title 28 of the
7 United States Code; and the Architect of the Capitol and
8 the Librarian of Congress are authorized to exclude from the
9 operation of this Act any employees under the office of the
10 Architect of the Capitol and the Library of Congress,
11 respectively, whose tenure of employment is temporary or of
12 uncertain duration.

13 “(g) Notwithstanding any other provision of law or
14 any Executive order, this Act shall apply to each United
15 States Commissioner whose total compensation for services
16 rendered as United States Commissioner is not less than
17 \$3,000 in each of the last three consecutive calendar years
18 (1) ending prior to the effective date of the Civil Service
19 Retirement Act Amendments of 1956 or (2) ending prior
20 to the first day of any calendar year which begins after
21 such effective date. For the purposes of this Act, the em-
22 ployment and compensation of each such United States Com-
23 missioner coming within the purview of this Act pursuant
24 to this subsection shall be held and considered to be on a
25 daily basis when actually employed; but nothing in this Act

1 shall affect, otherwise than for the purposes of this Act, the
2 basis, under applicable law other than this Act, on which
3 such United States Commissioner is employed or on which
4 his compensation is determined and paid.

5 "CREDITABLE SERVICE

6 "SEC. 3. (a) An employee's service for the purposes of
7 this Act including service as a substitute in the postal service
8 shall be credited from the date of original employment to the
9 date of the separation upon which title to annuity is based
10 in the civilian service of the Government. Credit shall
11 similarly be allowed for service in the Pan American Sani-
12 tary Bureau. No credit shall be allowed for any period
13 of separation from the service in excess of three calendar
14 days.

15 "(b) An employee or Member shall be allowed credit
16 for periods of military service prior to the date of the separa-
17 tion upon which title to annuity is based; however, if an
18 employee or Member is awarded retired pay on account of
19 military service, the period of service upon which such re-
20 tired pay is based shall not be included, unless such retired
21 pay is awarded on account of a service-connected disability
22 incurred in line of duty or is awarded under title III of
23 Public Law 810, Eightieth Congress, except that for pur-
24 poses of section 9 (c) (1), a Member (1) shall be allowed
25 credit only for periods of military service not exceeding

1 five years, plus any military service performed by the
2 Member upon leaving his office, for the purpose of per-
3 forming such service, during any war or national emergency
4 proclaimed by the President or declared by the Congress and
5 prior to his final separation from service as Member and
6 (2) may not receive credit for military service for which
7 credit is allowed for the purposes of retired pay under any
8 other provision of law. Nothing in this Act shall affect the
9 right of an employee or a Member to retired pay, pension,
10 or compensation in addition to the annuity herein provided.

11 “(c) Credit shall be allowed for leaves of absence
12 granted an employee while performing military service or
13 while receiving benefits under the Federal Employees’ Com-
14 pensation Act of September 7, 1916, as amended. Except
15 for a substitute in the postal service, there shall be excluded
16 from credit so much of any other leaves of absence without
17 pay as may exceed six months in the aggregate in any
18 calendar year.

19 “(d) An employee who during the period of any war,
20 or of any national emergency as proclaimed by the Presi-
21 dent or declared by the Congress, has left or leaves his posi-
22 tion to enter the military service shall not be considered, for
23 the purposes of this Act, as separated from his civilian posi-
24 tion by reason of such military service, unless he shall apply
25 for and receive a lump-sum benefit under this Act.

1 “(e) The total service of an employee or Member shall
2 be the full years and twelfth parts thereof, excluding from
3 the aggregate the fractional part of a month, if any.

4 “(f) An employee must have completed at least five
5 years of civilian service before he shall be eligible for annuity
6 under this Act.

7 “(g) An employee or Member must have, within the
8 two-year period preceding any separation from service, other
9 than a separation by reason of death or disability, com-
10 pleted at least one year of creditable civilian service during
11 which he was subject to this Act before he or his survivors
12 shall be eligible for annuity under this Act based on such
13 separation. Failure to meet this service requirement shall
14 not deprive the individual or his survivors of any annuity
15 rights which attached upon a previous separation.

16 “(h) An employee who (1) has at least five years’
17 Member service and (2) has served as a Member at any time
18 after August 2, 1946, shall not be allowed credit for any
19 service which is used in the computation of an annuity
20 under section 9 (c).

21 “(i) In the case of each United States Commissioner
22 who comes within the purview of this Act pursuant to section
23 2 (g) of this Act, service rendered prior to, on, or after the
24 effective date of the Civil Service Retirement Act Amend-
25 ments of 1956 as United States Commissioner shall be cred-

1 *ited for the purposes of this Act on the basis of one three-*
2 *hundred-and-thirteenth of a year for each day on which such*
3 *United States Commissioner renders service in such capacity*
4 *and which is not credited for the purposes of this Act for*
5 *service performed by him in any capacity other than United*
6 *States Commissioner. Such credit shall not be granted for*
7 *service rendered as United States Commissioner for more*
8 *than three hundred and thirteen days in any one year.*

9 *“DEDUCTIONS AND DEPOSITS*

10 *“SEC. 4. (a) From and after the first day of the first*
11 *pay period which begins after December 31, 1956, there*
12 *shall be deducted and withheld from each employee's basic*
13 *salary an amount equal to 7 per centum of such basic salary*
14 *and from each Member's basic salary an amount equal to 8*
15 *per centum of such basic salary. From and after the first day*
16 *of the first pay period which begins after June 30, 1957, an*
17 *equal sum shall also be contributed from the respective appro-*
18 *priation or fund which is used for payment of his salary,*
19 *pay or compensation, or in the case of an elected official,*
20 *from such appropriation or fund as may be available for*
21 *payment of other salaries of the same office or establishment.*
22 *The amounts so deducted and withheld by each department*
23 *or agency, together with the amounts so contributed, shall, in*
24 *accordance with such procedures as may be prescribed by the*
25 *Comptroller General of the United States, be deposited by*

1 the department or agency in the Treasury of the United States
 2 to the credit of the fund. There shall also be so credited all
 3 deposits made by employees or Members under this section.
 4 Amounts contributed under this subsection from appropri-
 5 ations of the Post Office Department shall not be considered
 6 as costs of providing postal service for the purpose of estab-
 7 lishing postal rates.

8 “(b) Each employee or Member shall be deemed to
 9 consent and agree to such deductions from basic salary, and
 10 payment less such deductions shall be a full and complete
 11 discharge and acquittance of all claims and demands what-
 12 soever for all regular services during the period covered by
 13 such payment, except the right to the benefits to which he
 14 shall be entitled under this Act, notwithstanding any law,
 15 rule, or regulation affecting the individual's salary.

16 “(c) Each employee or Member credited with civilian
 17 service after July 31, 1920, for which, for any reason what-
 18 soever, no retirement deductions or deposits have been made,
 19 may deposit with interest an amount equal to the following
 20 percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee-----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to December 31, 1956
	7-----	After December 31, 1956
Member for Mem- ber service.	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946, to December 31, 1956
	8-----	After December 31, 1956

1 “(d) Each employee or Member who has received a
2 refund of retirement deductions under this or any other
3 retirement system established for employees of the Govern-
4 ment covering service for which he may be allowed credit
5 under this Act may deposit the amount received, with
6 interest. No credit shall be allowed for the service covered
7 by the refund until the deposit is made.

8 “(e) Interest under subsection (c) or (d) shall be
9 computed from the midpoint of each service period included
10 in the computation, or from the date refund was paid, to the
11 date of deposit or commencing date of annuity, whichever is
12 earlier. The interest shall be computed at the rate of 4 per
13 centum per annum to December 31, 1947, and 3 per centum
14 per annum thereafter compounded annually. Such deposit
15 may be made in one or more installments.

16 “(f) Under such regulations as may be prescribed by
17 the Commission, amounts deducted under subsection (a) and
18 deposited under subsections (c) and (d) shall be entered
19 on individual retirement records.

20 “(g) No deposit shall be required for any service prior
21 to August 1, 1920, for periods of military service or for any
22 service for the Panama Railroad Company prior to January
23 1, 1924.

1 “MANDATORY SEPARATION

2 “SEC. 5. (a) *Except as hereinafter provided, an em-*
3 *ployee who shall have attained the age of seventy years and*
4 *completed fifteen years of service shall be automatically*
5 *separated from the service. Such separation shall be effec-*
6 *tive on the last day of the month in which such employee*
7 *attains the age of seventy years or completes fifteen years of*
8 *service if then beyond such age, and all salary shall cease*
9 *from that day.*

10 “(b) *Each employing office shall notify each employee*
11 *under its direction of the date of such separation from the*
12 *service at least sixty days in advance thereof: Provided,*
13 *That subsection (a) shall not take effect without the con-*
14 *sent of the employee until sixty days after he has been so*
15 *notified.*

16 “(c) *The President may, by Executive order, exempt*
17 *from automatic separation under this section any employee*
18 *when, in his judgment, the public interest so requires.*

19 “(d) *The automatic separation provisions of this section*
20 *shall not apply to any person named in any Act of Congress*
21 *providing for the continuance of such person in the service, to*
22 *any Member, to any congressional employee, to the Archi-*
23 *tect of the Capitol or any employee under the office of the*

1 *Architect of the Capitol, or to any employee in the judicial*
2 *branch within the classes made subject to the Civil Service*
3 *Retirement Act of May 29, 1930, as amended, by the Act*
4 *of July 13, 1937.*

5 “(c) *In the case of an officer or employee of The Alaska*
6 *Railroad, Territory of Alaska, or an officer or employee who*
7 *is a citizen of the United States employed on the Isthmus of*
8 *Panama by the Panama Canal Company or the Canal Zone*
9 *Government, the provisions of this section shall apply upon*
10 *his attaining the age of sixty-two years and completing fifteen*
11 *years of service on the Isthmus of Panama or in the Terri-*
12 *tory of Alaska.*

13 “IMMEDIATE RETIREMENT

14 “SEC. 6. (a) *Any employee who attains the age of sixty*
15 *years and completes thirty years of service shall, upon sepa-*
16 *ration from the service, be paid an annuity computed as pro-*
17 *vided in section 9.*

18 “(b) *Any employee who attains the age of fifty-five*
19 *years and completes thirty years of service shall, upon sep-*
20 *aration from the service prior to attainment of the age of sixty*
21 *years, be paid a reduced annuity computed as provided in*
22 *section 9.*

23 “(c) *Any employee the duties of whose position are*
24 *primarily the investigation, apprehension, or detention of*
25 *persons suspected or convicted of offenses against the criminal*

1 laws of the United States, including any employee engaged
2 in such activity who has been transferred to a supervisory or
3 administrative position, who attains the age of fifty years and
4 completes twenty years of service in the performance of such
5 duties, may, if the head of his department or agency recom-
6 mends his retirement and the Commission approves, volun-
7 tarily retires from the service, and be paid an annuity com-
8 puted as provided in section 9 (i). The head of the depart-
9 ment or agency and the Commission shall give full considera-
10 tion to the degree of hazard to which such employee is
11 subjected in the performance of his duties, rather than the
12 general duties of the class of the position held by such
13 employee.

14 “(d) Any employee who completes twenty-five years
15 of service or who attains the age of fifty years and completes
16 twenty years of service shall upon involuntary separation
17 from the service not by removal for cause on charges of mis-
18 conduct or delinquency, be paid a reduced annuity computed
19 as provided in section 9.

20 “(e) Any employee who attains the age of sixty-two
21 years and completes five years of service shall, upon separa-
22 tion from the service, be paid an annuity computed as pro-
23 vided in section 9.

24 “(f) Any Member who attains the age of sixty-two
25 years and completes five years of Member service, or who

1 attains the age of sixty years and completes ten years of
2 Member service, shall, upon separation from the service, be
3 paid an annuity computed as provided in section 9. No
4 Member or survivor of a Member shall be entitled to receive
5 an annuity under this Act unless there shall have been
6 deducted or deposited the amounts specified in section 4 with
7 respect to his last five years of Member service.

8 "DISABILITY RETIREMENT

9 "SEC. 7. (a) Any employee who completes five years
10 of civilian service and who is found by the Commission to
11 have become disabled shall, upon his own application or
12 upon application by his department or agency, be retired
13 on an annuity computed as provided in section 9. Any Mem-
14 ber who completes five years of Member service and who is
15 found by the Commission to have become disabled shall,
16 upon his own application, be retired on an annuity computed
17 as provided in section 9.

18 "(b) No claim shall be allowed under this section unless
19 the application is filed with the Commission prior to sepa-
20 ration of the employee or Member from the service or within
21 one year thereafter. This time limitation may be waived by
22 the Commission for an individual who at the date of sepa-
23 ration from service or within one year thereafter is mentally
24 incompetent, if the application is filed with the Commission
25 within one year from the date of restoration of such individ-

1 ual to competency or the appointment of a fiduciary, which-
2 ever is the earlier.

3 “(c) Each annuitant retired under this section or under
4 section 6 of the Act of May 29, 1930, as amended, unless
5 his disability is permanent in character, shall at the expira-
6 tion of one year from the date of such retirement and annu-
7 ally thereafter, until reaching age sixty, be examined under
8 the direction of the Commission. If the annuitant fails to
9 submit to examination as required under this section, pay-
10 ment of the annuity shall be suspended until continuance of
11 the disability is satisfactorily established.

12 “(d) If such annuitant, before reaching age sixty, re-
13 covers from his disability or is restored to an earning capac-
14 ity fairly comparable to the current rate of compensation of
15 the position occupied at the time of retirement, payment of
16 the annuity shall cease (1) upon reemployment by the Gov-
17 ernment, (2) one year from the date of the medical examina-
18 tion showing such recovery, or (3) one year from the date of
19 determination that he is so restored, whichever is earliest.
20 Earning capacity shall be deemed restored if in each of two
21 succeeding calendar years the income of the annuitant from
22 wages or self-employment or both shall equal at least 80 per
23 centum of the current rate of compensation of the position
24 occupied immediately prior to retirement.

25 “(e) If such annuitant whose annuity is discontinued

1 under subsection (d) is not reemployed in any position in-
2 cluded in the provisions of this Act, he shall be considered,
3 except for service credit, as having been involuntarily sepa-
4 rated from the service for the purposes of this Act as of the
5 date of discontinuance of the disability annuity and shall,
6 after such discontinuance, be entitled to annuity in accord-
7 ance with the applicable provision of this Act.

8 “(f) No person shall be entitled to receive an annuity
9 under this Act and compensation for injury or disability to
10 himself under the Federal Employees’ Compensation Act of
11 September 7, 1916, as amended, covering the same period
12 of time. This provision shall not bar the right of any claim-
13 ant to the greater benefit conferred by either Act for any
14 part of the same period of time. Neither this provision nor
15 any provision in such Act of September 7, 1916, as
16 amended, shall deny to any person an annuity accruing to
17 such person under this Act on account of service rendered
18 by him, or deny any concurrent benefit to such person under
19 such Act of September 7, 1916, as amended, on account of
20 the death of any other person.

21 “(g) Notwithstanding any provision of law to the con-
22 trary, the right of any person entitled to an annuity under
23 this Act shall not be affected because such person has received
24 an award of compensation in a lump sum under section 14
25 of the Act of September 7, 1916, as amended, except that

1 where such annuity is payable on account of the same dis-
2 ability for which compensation under such section has been
3 paid, so much of such compensation as has been paid for
4 any period extended beyond the date such annuity becomes
5 effective, as determined by the Department of Labor, shall
6 be refunded to the Department of Labor, to be covered into
7 the Federal Employees' Compensation Fund. Before such
8 person shall receive such annuity he shall (1) refund to such
9 Department the amount representing such commuted pay-
10 ments for such extended period, or (2) authorize the deduc-
11 tion of such amount from the annuity payable to him under
12 this Act, which amount shall be transmitted to such Depart-
13 ment for reimbursement to such fund. Deductions from such
14 annuity may be made from accrued and accruing payments,
15 or may be prorated against and paid from accruing payments
16 in such manner as the Department of Labor shall determine,
17 whenever it finds that the financial circumstances of the
18 annuitant are such as to warrant such deferred refunding.

19 "DEFERRED RETIREMENT

20 "SEC. 8. (a) Any employee who is separated from the
21 service or transferred to a position not within the purview
22 of this Act after completing five years of civilian service
23 may be paid an annuity beginning at the age of sixty-two
24 years computed as provided in section 9.

25 "(b) Any Member who is separated from the service as

1 a Member after completing five years of Member service
2 may be paid an annuity beginning at the age of sixty-two
3 years, computed as provided in section 9.

4 "COMPUTATION OF ANNUITY

5 "SEC. 9. (a) Except as otherwise provided in this sec-
6 tion, the annuity of an employee retiring under this Act
7 shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the
8 average salary multiplied by so much of the total service
9 as does not exceed five years, or (B) 1 per centum of the
10 average salary, plus \$25, multiplied by so much of the total
11 service as does not exceed five years, plus (2) the larger
12 of (A) 2 per centum of the average salary multiplied by
13 so much of the total service as exceeds five years, or (B)
14 1 per centum of the average salary, plus \$25, multiplied
15 by so much of the total service as exceeds five years: Pro-
16 vided, That the annuity shall not exceed 80 per centum of
17 the average salary: Provided further, That the annuity of an
18 employee retiring under section 7 shall be at least (1) 40
19 per centum of the average salary or (2) the sum obtained
20 under this subsection after increasing his total service by the
21 period elapsing between the date of separation and the date
22 he attains the age of sixty years, whichever is the lesser, but
23 this proviso shall not increase the annuity of any survivor.

24 "(b) The annuity of a congressional employee retiring
25 under this Act shall, if he so elects at the time his annuity

1 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
 2 multiplied by his military service and service as a congres-
 3 sional employee, not exceeding a total of fifteen years, plus
 4 (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so
 5 much of the remainder of his total service as does not exceed
 6 five years, plus (3) 2 per centum of the average salary mul-
 7 tiplied by so much of the remainder of his total service as
 8 exceeds five years: Provided, That the annuity shall not
 9 exceed 80 per centum of the average salary. This subsection
 10 shall not apply unless the congressional employee (1) has
 11 had at least five years' service as a congressional employee,
 12 (2) has had deductions withheld from his salary or made
 13 deposit covering his last five years of civilian service, and
 14 (3) has served as a congressional employee during the last
 15 eleven months of his civilian service: Provided further, That
 16 the annuity of a congressional employee retiring under sec-
 17 tion 7 shall be at least (1) 40 per centum of the average
 18 salary or (2) the sum obtained under this subsection after
 19 increasing his service as a congressional employee by the
 20 period elapsing between the date of separation and the date
 21 he attains the age of sixty years, whichever is the lesser, but
 22 this provision shall not increase the annuity of any survivor.

23 “(c) The annuity of a Member retiring under this Act
 24 shall be an amount equal to—

25 “(1) $2\frac{1}{2}$ per centum of the average salary multi-

1 plied by the total of his Member and creditable military
2 service;

3 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
4 plied by his total years of service, not exceeding fifteen,
5 performed as a congressional employee prior to his sepa-
6 ration from service as a Member, other than any such
7 service which he may elect to exclude;

8 “(3) $1\frac{1}{2}$ per centum of such average salary multi-
9 plied by so much of his total service, other than service
10 used in computing annuity under clauses (1) and (2),
11 as does not exceed five years, performed prior to his
12 separation from service as a Member, and other than
13 any such service which he may elect to exclude; and

14 “(4) 2 per centum of such average salary multiplied
15 by his total service, other than service used in comput-
16 ing annuity under clauses (1), (2), and (3), per-
17 formed prior to his separation from service as a Mem-
18 ber, and other than any such service which he may elect
19 to exclude.

20 In no case shall an annuity computed under this subsection
21 exceed 80 per centum of the basic salary that he is receiving
22 at the time of such separation from the service, and in no
23 case shall the annuity of a Member retiring under section 7
24 be less than (A) 40 per centum of the average salary or
25 (B) the sum obtained under this subsection after increasing

1 his Member service by the period elapsing between the date
2 of separation and the date he attains the age of sixty years,
3 whichever is the lesser, but this provision shall not increase
4 the annuity of any survivor.

5 “(d) The annuity as hereinbefore provided, for an em-
6 ployee retiring under section 6 (b) or 6 (d), shall be re-
7 duced by one-twelfth of 1 per centum for each full month
8 not in excess of sixty, and one-sixth of 1 per centum for each
9 full month in excess of sixty, such employee is under the age
10 of sixty years at date of separation.

11 “(e) The annuity as hereinbefore provided shall be re-
12 duced by 10 per centum of any deposit described in section
13 4 (c) remaining unpaid, unless the employee or Member
14 shall elect to eliminate the service involved for purposes of
15 annuity computation.

16 “(f) Any employee or Member retiring under section
17 6, 7, or 8 may at the time of retirement elect a reduced
18 annuity, in lieu of the annuity as hereinbefore provided, and
19 designate in writing his wife or husband to receive an
20 annuity after the retired individual's death computed as
21 provided in section 10 (a) (1). The annuity of the
22 employee or Member making such election, excluding any
23 increase because of retirement under section 7, shall be re-
24 duced by $2\frac{1}{2}$ per centum of so much of the portion thereof
25 designated under section 10 (a) (1) as does not exceed

1 \$2,400 and by 10 per centum of so much of the portion so
2 designated as exceeds \$2,400.

3 “(g) Any unmarried employee or Member retiring
4 under section 6 or 8, and found by the Commission to be in
5 good health, may at the time of retirement elect a reduced
6 annuity, in lieu of the annuity as hereinbefore provided, and
7 designate in writing a person having an insurable interest
8 in the employee or Member to receive an annuity after the
9 retired individual's death. The annuity payable to the
10 employee or Member making such election shall be reduced
11 by 10 per centum of an annuity computed as provided in
12 section 9 and by 5 per centum of an annuity so computed
13 for each full five years the person designated is younger
14 than the retiring employee or Member, but such total reduc-
15 tion shall not exceed 40 per centum.

16 “(h) The annuity as hereinbefore provided, for an
17 employee who is a citizen of the United States, shall be
18 increased by \$36 multiplied by total service in the employ
19 of either the Alaska Engineering Commission or The Alaska
20 Railroad in the Territory of Alaska between March 12, 1914,
21 and July 1, 1923, or in the employ of either the Isthmian
22 Canal Commission or the Panama Railroad Company on
23 the Isthmus of Panama between May 4, 1904, and April 1,
24 1914.

25 “(i) The annuity of an employee retiring under section

1 6 (c) shall be 2 per centum of the average salary multiplied
2 by the total service: Provided, That the annuity shall not
3 exceed 80 per centum of the average salary.

4 "SURVIVOR ANNUITIES

5 "SEC. 10. (a) (1) If a Member or employee dies after
6 having retired under any provision of this Act and is survived
7 by a wife or husband designated under section 9 (f) such wife
8 or husband shall be paid an annuity equal to 50 per centum
9 of so much of an annuity computed as provided in subsections
10 (a), (b), (c), (d), and (e) of section 9, as may apply with
11 respect to the annuitant, as is designated in writing for such
12 purpose by such member or employee at the time he makes the
13 election provided for by section 9 (f).

14 "(2) An annuity computed under this subsection shall
15 begin on the first day of the month in which the retired em-
16 ployee dies, and such annuity or any right thereto shall ter-
17 minate upon the survivor's death or remarriage.

18 "(b) The annuity of a survivor designated under sec-
19 tion 9 (g) shall be 50 per centum of the reduced annuity
20 computed as provided in subsections (a), (b), (c), (d),
21 (e), and (g) of section 9 as may apply with respect to the
22 annuitant. The annuity of such survivor shall begin on the
23 first day of the month in which the retired employee dies,
24 and such annuity or any right thereto shall terminate upon
25 the survivor's death.

1 “(c) If an employee dies after completing at least five
2 years of civilian service, or a Member dies after completing
3 at least five years of Member service, the widow or depend-
4 ent widower of such employee or Member shall be paid an
5 annuity equal to 50 per centum of an annuity computed as
6 provided in subsections (a), (b), (c), and (e) of section
7 9 as may apply with respect to the employee or Member.
8 The annuity of such widow or dependent widower shall
9 begin on the first day of the month after the employee or
10 Member dies, and such annuity or any right thereto shall
11 terminate upon death or remarriage of the widow or widower,
12 or upon the widower's becoming capable of self-support.

13 “(d) If an employee dies after completing five years of
14 civilian service or a Member dies after completing five years
15 of Member service, or an employee or a Member dies after
16 having retired under any provision of the Act, and is sur-
17 vived by a wife or by a husband who is incapable of self-
18 support by reason of mental or physical disability and who
19 received more than one-half of his support from such em-
20 ployee or Member, each surviving child shall be paid an
21 annuity equal to the smallest of (1) 40 per centum of the
22 employee's or Member's average salary divided by the num-
23 ber of children, (2) \$600, or (3) \$1,800 divided by the
24 number of children. If such employee or Member is not sur-
25 vived by a wife or husband, each surviving child shall be

1 paid an annuity equal to the smallest of (1) 50 per centum
2 of the employee's or Member's average salary divided by the
3 number of children, (2) \$720, or (3) \$2,160 divided by the
4 number of children. The child's annuity shall begin on the
5 first day of the month after the employee or Member dies,
6 and such annuity or any right thereto shall terminate upon
7 (1) his attaining age 18 unless incapable of self-support, (2)
8 his becoming capable of self-support after age 18, (3) his
9 marriage, or (4) his death. Upon the death of the wife or
10 dependent husband or termination of the annuity of the child,
11 the annuity of any other child or children shall be recom-
12 puted and paid as though such wife, dependent husband, or
13 child had not survived the employee or Member.

14 "LUMP-SUM BENEFITS

15 "SEC. 11. (a) Any employee who is separated or trans-
16 ferred to a position not within the purview of this Act after
17 he has completed five but less than twenty years of service,
18 and any Member who is separated after he has completed
19 five but less than twenty years of Member service, shall upon
20 application therefor be paid the lump-sum credit. Any
21 employee who is separated or transferred to a position not
22 within the purview of this Act before he has completed five
23 years' service, and any Member who is separated before
24 he has completed five years of Member service, shall be paid
25 the lump-sum credit. The receipt of payment of the lump-

1 *sum credit by the individual shall void all annuity rights*
2 *under this Act, unless and until he shall be reemployed*
3 *in the service subject to this Act.*

4 “(b) *Each present or former employee or Member may,*
5 *under regulations prescribed by the Commission, designate a*
6 *beneficiary or beneficiaries for the purposes of this Act.*

7 “(c) *Lump-sum benefits authorized under subsections*
8 *(d), (e), and (f) of this section shall be paid in the follow-*
9 *ing order of precedence to such person or persons surviving*
10 *the employee or Member and alive at the date title to the*
11 *payment arises, and such payment shall be a bar to recovery*
12 *by any other person:*

13 “*First, to the beneficiary or beneficiaries designated by*
14 *the employee or Member in a writing received in the Com-*
15 *mission prior to his death;*

16 “*Second, if there be no such beneficiary, to the widow*
17 *or widower of the employee or Member;*

18 “*Third, if none of the above, to the child or children of*
19 *the employee or Member and descendants of deceased chil-*
20 *dren by representation;*

21 “*Fourth, if none of the above, to the parents of the*
22 *employee or Member or the survivor of them;*

23 “*Fifth, if none of the above, to the duly appointed*
24 *executor or administrator of the estate of the employee or*
25 *Member;*

1 *“Sixth, if none of the above, to other next of kin of the*
2 *employee or Member as may be determined by the Commis-*
3 *sion to be entitled under the laws of the domicile of the*
4 *individual at the time of his death.*

5 *“(d) If an employee or Member dies (1) without a*
6 *survivor, or (2) with a survivor or survivors and the right*
7 *of all survivors shall terminate before claim for survivor*
8 *annuity is filed, or if a former employee or Member not re-*
9 *tired dies, the lump-sum credit shall be paid.*

10 *“(e) If all annuity rights under this Act based on the*
11 *service of a deceased employee or Member shall terminate*
12 *before the total annuity paid equals the lump-sum credit, the*
13 *difference shall be paid.*

14 *“(f) If an annuitant dies, any annuity accrued and*
15 *unpaid shall be paid.*

16 *“(g) Any annuity accrued and unpaid upon the termi-*
17 *nation (other than by death) of the annuity of any an-*
18 *nuitant or survivor annuitant shall be paid to such person.*
19 *Any survivor annuity accrued and unpaid upon the death*
20 *of any survivor annuitant shall be paid in the following*
21 *order of precedence, and such payment shall be a bar to*
22 *recovery by any other person:*

23 *“First, to the duly appointed executor or administrator*
24 *of the estate of the survivor annuitant;*

25 *“Second, if there is no such executor or administrator,*

1 payment may be made, after the expiration of thirty days
2 from the date of death of such survivor annuitant, to such
3 next of kin of the survivor annuitant as may be determined
4 by the Commission to be entitled under the laws of the
5 survivor annuitant's domicile at the time of his death.

6 "ADDITIONAL ANNUITIES

7 "SEC. 12. (a) Any employee or Member may, under
8 regulations prescribed by the Commission, voluntarily con-
9 tribute additional sums in multiples of \$25, but the total
10 may not exceed 10 per centum of his basic salary for his
11 creditable service from and after August 1, 1920. The
12 voluntary contribution account in each case shall be the
13 sum of such unrefunded contributions, plus interest at 3
14 per centum per annum compounded annually to date of
15 separation or transfer to a position not within the purview
16 of this Act or, in case of an individual who is separated
17 with title to a deferred annuity and does not claim the
18 voluntary contribution account, to the commencing date fixed
19 for such deferred annuity or date of death, whichever is
20 earlier.

21 "(b) Such voluntary contribution account shall be used
22 to purchase at retirement an annuity in addition to the
23 annuity otherwise provided. For each \$100 in such volun-
24 tary contribution account, the additional annuity shall con-
25 sist of \$7, increased by 20 cents for each full year, if any,

1 such employee or Member is over the age of fifty-five years
2 at the date of retirement.

3 “(c) A retiring employee or Member may elect a
4 reduced additional annuity in lieu of the additional annuity
5 described in subsection (b) and designate in writing a
6 person to receive after his death an annuity of 50 per centum
7 of his reduced additional annuity. The additional annuity
8 of the employee or Member making such election shall be
9 reduced by 10 per centum, and by 5 per centum for each
10 full five years the person designated is younger than the
11 retiring employee or Member, but such total reduction shall
12 not exceed 40 per centum.

13 “(d) Any employee or Member who is separated from
14 the service before becoming eligible for immediate or de-
15 ferred annuity or who transfers to a position wherein he
16 does not continue subject to this Act shall be paid the volun-
17 tary contribution account. Any employee or Member who is
18 separated from the service after becoming eligible for a de-
19 ferred annuity under section 8 may elect to receive, in lieu of
20 additional annuity, the voluntary contribution account, pro-
21 vided his separation occurs and application for payment is
22 filed with the Commission at least thirty-one days before the
23 commencing date of annuity.

24 “(e) If any present or former employee or Member
25 not retired dies, the voluntary contribution account shall be

1 paid under the provisions of section 11 (c). If all addi-
2 tional annuities or any right thereto based on the voluntary
3 contribution account of a deceased employee or Member
4 terminate before the total additional annuity paid equals such
5 account, the difference shall be paid under the provisions of
6 section 11 (c).

7 "REEMPLOYMENT OF ANNUITANTS

8 "SEC. 13. (a) Notwithstanding any other provision of
9 law, an annuitant heretofore or hereafter retired under this
10 Act shall not, by reason of his retired status, be barred from
11 employment in any appointive position for which he is
12 qualified. An annuitant so reemployed shall serve at the
13 will of the appointing officer.

14 "(b) If an annuitant under this Act (other than (1) a
15 disability annuitant whose annuity is terminated by reason
16 of his recovery or restoration of earning capacity, or (2) a
17 Member retired under this Act) hereafter becomes employed
18 in an appointive or elective position subject to this Act, an-
19 nuity payments shall be discontinued during such employ-
20 ment and deductions for the retirement fund shall be withheld
21 from his salary. If such annuitant performs actual full-
22 time service for a period of at least one year, his right to
23 future annuity shall be determined upon the basis of the
24 law in effect at the time of termination of such period of
25 employment and service performed during such period shall

1 be credited for such purpose. If such annuitant does not
 2 perform actual full-time service for a period of at least one
 3 year, his annuity payments shall be resumed in the same
 4 amount and amounts deducted from his salary during such
 5 period of employment shall be returned upon the expiration
 6 of such period. If an annuitant under this Act (other than
 7 (1) a disability annuitant whose annuity is terminated by
 8 reason of his recovery or restoration of earning capacity, or
 9 (2) a Member retired under this Act) hereafter becomes
 10 employed in an appointive or elective position not subject
 11 to this Act, annuity payments shall be discontinued during
 12 such reemployment and resumed in the same amount upon
 13 termination of such employment.

14 “(c) If a Member heretofore or hereafter retired under
 15 this Act hereafter becomes employed in an appointive or
 16 elective position, annuity payments shall be discontinued dur-
 17 ing such employment and resumed in the same amount upon
 18 termination of such employment: Provided, That if such re-
 19 tired Member takes office as Member and gives notice as pro-
 20 vided in section 2 (c), his service as Member during such
 21 period shall be credited in determining his right to and the
 22 amount of his subsequent annuity.

23 “PAYMENT OF BENEFITS

24 “SEC. 14. (a) Each annuity is stated as an annual
 25 amount, one-twelfth of which, fixed at the nearest dollar,

1 accrues monthly and is payable on the first business day of
2 the month after it accrues.

3 “(b) Except as otherwise provided, the annuity of an
4 employee shall commence on the first of the month after
5 separation from the service, or on the first of the month after
6 salary ceases provided the employee meets the service and
7 the age or disability requirements for title to annuity at that
8 time. The annuity of a Member or of an elected officer of
9 the Senate or House of Representatives shall commence on
10 the day following the day on which salary shall cease pro-
11 vided the person entitled to such annuity meets the service
12 and the age or disability requirements for title to annuity at
13 that time. The annuity of an employee or Member under
14 section 8 shall commence on the first of the month after
15 the occurrence of the event on which payment of the annuity
16 is based.

17 “(c) An annuity shall terminate on the last day of the
18 month preceding the month in which death or any other
19 terminating event provided in this Act occurs.

20 “(d) Any person entitled to annuity from the fund may
21 decline to accept all or any part of such annuity by a waiver
22 signed and filed with the Commission. Such waiver may be
23 revoked in writing at any time, but no payment of the
24 annuity waived shall be made covering the period during
25 which such waiver was in effect.

1 “(e) Where any payment is due a minor, or a person
2 mentally incompetent or under other legal disability, such
3 payment may be made to the person who is constituted
4 guardian or other fiduciary by the law of the State of resi-
5 dence of such claimant or is otherwise legally vested with the
6 care of the claimant or his estate: Provided, That where no
7 guardian or other fiduciary of the person under legal dis-
8 ability has been appointed under the laws of the State of
9 residence of the claimant, payment may be made to any
10 person who in the judgment of the Commission is responsible
11 for the care of the claimant, and such payment shall be a bar
12 to recovery by any other person.

13 “EXEMPTION FROM LEGAL PROCESSES

14 “SEC. 15. (a) None of the moneys mentioned in this
15 Act shall be assignable, either in law or equity, or be subject
16 to execution, levy, attachment, garnishment, or other legal
17 process.

18 “(b) Notwithstanding any other provision of law, there
19 shall be no recovery of any payments under this Act from
20 any person when, in the judgment of the Commission, such
21 person is without fault and such recovery would be contrary
22 to equity and good conscience; nor shall there be any with-
23 holding of recovery of any moneys mentioned in this Act on
24 account of any certification or payment made by any former
25 employee of the United States in the discharge of his official

1 duties unless the head of the department or agency on behalf
2 of which the certification or payment was made certifies to
3 the Commission that such certification or payment involved
4 fraud on the part of such employee.

5 "ADMINISTRATION

6 "SEC. 16. (a) This Act shall be administered by the
7 Commission. Except as otherwise specifically provided here-
8 in, the Commission is hereby authorized and directed to
9 perform, or cause to be performed, any and all acts and to
10 make such rules and regulations as may be necessary and
11 proper for the purpose of carrying the provisions of this
12 Act into full force and effect.

13 "(b) Applications under this Act shall be in such form
14 as the Commission shall prescribe, and shall be supported by
15 such certificates from departments or agencies as the Com-
16 mission may deem necessary to the determination of the
17 rights of applicants. The Commission shall adjudicate all
18 claims under this Act.

19 "(c) Questions of dependency and disability arising
20 under this Act shall be determined by the Commission and
21 its decisions with respect to such matters shall be final and
22 conclusive and shall not be subject to review. The Com-
23 mission may order or direct at any time such medical or
24 other examinations as it shall deem necessary to determine
25 the facts relative to the disability or dependency of any per-

1 son receiving or applying for annuity under this Act, and
2 may suspend or deny any such annuity for failure to submit
3 to any such examination.

4 “(d) An appeal to the Commission shall lie from any
5 administrative action or order affecting the rights or interests
6 of any person or of the United States under this Act, the
7 procedure on appeal to be prescribed by the Commission.

8 “(e) Fees for examinations made under the provisions
9 of this Act, by physicians or surgeons who are not medical
10 officers of the United States, shall be fixed by the Commis-
11 sion, and such fees, together with reasonable traveling and
12 other expenses incurred in connection with such examina-
13 tions, shall be paid out of the appropriations for the cost of
14 administering this Act.

15 “(f) The Commission shall publish an annual report
16 upon the operations of this Act.

17 “(g) The Commission is hereby authorized and directed
18 to select three actuaries, to be known as the Board of Actu-
19 aries of the Civil Service Retirement System. It shall be the
20 duty of such Board to report annually upon the actuarial
21 status of the system and to furnish its advice and opinion
22 on matters referred to it by the Commission, and it shall have
23 the authority to recommend to the Commission and to the
24 Congress such changes as in the Board's judgment may be
25 deemed necessary to protect the public interest and maintain

1 *the system upon a sound financial basis. The Commission*
2 *shall keep or cause to be kept such records as it deems neces-*
3 *sary for making periodic actuarial valuations of the Civil*
4 *Service Retirement System, and the Board shall make such*
5 *valuations at intervals of five years, or oftener if deemed*
6 *necessary by the Commission. The compensation of the*
7 *members of the Board of Actuaries, exclusive of such mem-*
8 *bers as are in the employ of the United States, shall be fixed*
9 *by the Commission.*

10 “*CIVIL SERVICE RETIREMENT AND DISABILITY FUND*

11 “*SEC. 17. (a) The fund is hereby appropriated for*
12 *the payment of benefits as provided in this Act.*

13 “*(b) The Secretary of the Treasury is hereby authorized*
14 *to accept and credit to the fund moneys received in the*
15 *form of donations, gifts, legacies, or bequests, or otherwise*
16 *contributed for the benefit of civil-service employees*
17 *generally.*

18 “*(c) The Secretary of the Treasury shall immediately*
19 *invest in interest-bearing securities of the United States, such*
20 *currently available portions of the fund as are not imme-*
21 *diately required for payments from the fund, and the income*
22 *derived from such investments shall constitute a part of the*
23 *fund.*

24 “*(d) The purposes for which obligations of the United*

1 *States may be issued under the Second Liberty Bond Act,*
2 *as amended, are hereby extended to authorize the issuance*
3 *at par of public-debt obligations for purchase by the fund.*
4 *Such obligations issued for purchase by the fund shall have*
5 *maturities fixed with due regard for the needs of the fund and*
6 *bear interest at a rate equal to the average rate of interest*
7 *computed as to the end of the calendar month next preceding*
8 *the date of such issue, borne by all marketable interest-*
9 *bearing obligations of the United States then forming a part*
10 *of the public debt that are not due or callable until after*
11 *the expiration of five years from the date of original issue;*
12 *except that where such average rate is not a multiple of*
13 *one-eighth of 1 per centum, the rate of interest of such*
14 *obligations shall be the multiple of one-eighth of 1 per centum*
15 *nearest such average rate. Such obligations shall be issued*
16 *for purchase by the fund only if the Secretary of the Treasury*
17 *determines that the purchase in the market of other interest-*
18 *bearing obligations of the United States, or of obligations*
19 *guaranteed as to both principal and interest by the United*
20 *States on original issue or at the market price, is not in the*
21 *public interest.*

22 "SHORT TITLE

23 "SEC. 18. *This Act may be cited as the 'Civil Service*
24 *Retirement Act'.*"

1 MEMBERS OF FACULTY OF NAVAL ACADEMY

2 SEC. 402. (a) On and after the effective date of this title
3 persons employed as members of the civilian faculties of the
4 United States Naval Academy and the United States Naval
5 Postgraduate School shall be included within the terms of
6 the Civil Service Retirement Act, and on and after that
7 date the Act of January 16, 1936 (49 Stat. 1092), as
8 amended, shall not apply to such persons.

9 (b) In lieu of the deposit prescribed by section 4 (c)
10 of the Civil Service Retirement Act, an employee who by
11 virtue of subsection (a) is included within the terms of
12 such Act shall deposit, for service rendered prior to the
13 effective date of this title as a member of the civilian faculty
14 of the United States Naval Academy or of the United States
15 Naval Postgraduate School, a sum equal to so much of the
16 repurchase price of his annuity policy carried as required
17 by the Act of January 16, 1936, as amended, as is based
18 on the monthly allotments which were registered with the
19 Navy Allotment Office toward the purchase of that annuity,
20 the deposit to be made within six months after the effective
21 date of this title. Should the deposit not be made within
22 that period no credit shall be allowed under the Civil Service
23 Retirement Act for service rendered as a member of the
24 civilian faculty of the United States Naval Academy or of

1 *the United States Naval Postgraduate School subsequent to*
2 *July 31, 1920, and prior to the effective date of this title.*
3 *If the deposit is made, such service shall be held and con-*
4 *sidered to be service during which the employee was subject*
5 *to the Civil Service Retirement Act.*

6 *RETROACTIVE APPLICATION OF CERTAIN BENEFITS*

7 *SEC. 403. The amendment approved September 30,*
8 *1949 (Public Law 310, Eighty-first Congress), to section 4*
9 *(b) of the Civil Service Retirement Act of May 29, 1930,*
10 *as amended, insofar as it relates to the amount of the reduc-*
11 *tion in the annuities of officers and employees who elect to*
12 *receive reduced annuities under such section, shall take effect*
13 *as of April 1, 1948, but no increase in annuity shall be*
14 *payable by reason of such amendment, to those who retired*
15 *on or after July 1, 1948, and prior to October 1, 1949, for*
16 *any period prior to the first day of the first month which*
17 *begins after the effective date of this title.*

18 *CONTINUATION OF PRIOR RIGHTS*

19 *SEC. 404. Except as otherwise provided, the amendments*
20 *made by this title shall not apply in the case of employees or*
21 *Members retired or otherwise separated prior to its effective*
22 *date, and the rights of such persons and their survivors shall*
23 *continue in the same manner and to the same extent as if*
24 *this title had not been enacted.*

VICE PRESIDENT

2 *SEC. 405. The notice required by section 2 (c) of the*
3 *Civil Service Retirement Act may be given, by any person*
4 *holding the office of Vice President on the effective date of*
5 *this title, at any time within fifteen days after such effective*
6 *date, and in the case of any such person service performed*
7 *in such office shall be considered service during which he*
8 *was subject to such Act for the purpose of section 3 (g)*
9 *thereof.*

FUTURE SALARY INCREASES TO INCLUDE INCREASES TO

ANNUITANTS

12 *SEC. 406. It is the policy of the Congress that whenever*
13 *in the future any general adjustment is made in the salaries*
14 *of Government employees, corresponding adjustments should*
15 *be made in the annuities of retired employees.*

FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUT-

SIDE UNITED STATES TO AVOID PROSECUTION

18 *SEC. 407. The Act entitled "An Act to prohibit payment*
19 *of annuities to officers and employees of the United States*
20 *convicted of certain offenses, and for other purposes", ap-*
21 *proved September 1, 1954 (68 Stat. 1142), is amended*
22 *by adding at the end of section 2 thereof a new subsection as*
23 *follows:*

24 “(c) In any case in which, after the date of enactment
25 of this subsection, any person under indictment for any

1 offense within the purview of the first section of this Act
 2 wilfully remains outside the United States, its Territories,
 3 and possessions, for a period in excess of one year with
 4 knowledge of such indictment, no annuity or retired pay
 5 shall be paid, for any period subsequent to the end of such
 6 one-year period to such person or to the survivor or bene-
 7 ficiary of such person, on the basis of the service of such
 8 person, as an officer or employee of the Government unless
 9 and until a nolle prosequi to the entire indictment is entered
 10 upon the record or such person returns and thereafter the
 11 indictment is dismissed or after trial by court the accused is
 12 found not guilty of the offense or offenses charged in the
 13 indictment."

14 EFFECTIVE DATE

15 SEC. 408. This title shall take effect on January 1, 1957.

16 SHORT TITLE

17 SEC. 409. This title may be cited as the "Civil Service
 18 Retirement Act Amendments of 1956."

19 TITLE V—ADDITIONAL SCIENTIFIC AND 20 PROFESSIONAL POSITIONS

21 SEC. 501. (a) Subsections (a) and (b) of the first sec-
 22 tion of the Act of August 1, 1947 (61 Stat. 715; Public
 23 Law 313, Eightieth Congress), as amended, are amended to
 24 read as follows: "(a) The Secretary of Defense is author-
 25 ized to establish and fix the compensation for not more than

1 two hundred and seventy-five positions in the Department
2 of Defense and not more than fifty positions in the National
3 Security Agency, each such position being established to
4 effectuate those research and development functions, relat-
5 ing to the national defense, military and naval medicine,
6 and any and all other activities of the Department of De-
7 fense and the National Security Agency, as the case may be,
8 which require the services of specially qualified scientific or
9 professional personnel.

10 “(b) The Chairman of the National Advisory Com-
11 mittee for Aeronautics is authorized to establish and fix the
12 compensation for, in the headquarters and research stations
13 of the National Advisory Committee for Aeronautics, not
14 to exceed sixty positions in the professional and scientific
15 service, each such position being established in order to enable
16 the National Advisory Committee for Aeronautics to secure
17 and retain the services of specially qualified personnel neces-
18 sary in the discharge of the duty of the Committee to supervise
19 and direct the scientific study of the problems of flight with
20 a view to their practical solution.

21 “(c) The Secretary of the Interior is authorized to
22 establish and fix the compensation for not to exceed ten
23 positions of a professional or scientific nature in the Depart-
24 ment of the Interior, each such position being established

1 in order to enable the Department of the Interior to effectuate
2 those research and development functions and activities
3 of such Department which require the services of specially
4 qualified professional or scientific personnel.

5 “(d) The Secretary of Commerce is authorized to establish
6 and fix the compensation for not to exceed thirty-five
7 positions of a professional or scientific nature in the Department
8 of Commerce, each such position being established in
9 order to enable the Department of Commerce to effectuate
10 those research and development functions and activities of
11 such Department which require the services of specially qualified
12 professional or scientific personnel.”

13 (b) Nothing contained in the amendment made to such
14 Act of August 1, 1947, by subsection (a) of this section
15 shall affect any position existing under authority of subsection
16 (a) of the first section of such Act of August 1, 1947,
17 as in effect immediately prior to the effective date of such
18 amendment, the compensation attached to any such position,
19 and any incumbent thereof, his appointment thereto,
20 and his right to receive the compensation attached thereto,
21 until appropriate action is taken under authority of subsection
22 (a) of such first section of such Act of August 1, 1947,
23 as contained in the amendment made by subsection (a) of
24 this section.

1 (c) Subsection (c) of the first section of such Act of
2 August 1, 1947, as amended, is hereby redesignated sub-
3 section (e) of such first section.

4 (d) Section 3 of such Act of August 1, 1947, as
5 amended, is amended to read as follows:

6 “SEC. 3. (a) Each officer, with respect to positions
7 established by him under this Act, shall submit to the
8 Congress, not later than February 1 of each year, a report
9 which sets forth—

10 “(1) the number of such positions so established
11 or in existence during the immediately preceding cal-
12 endar year,

13 “(2) the name, rate of compensation, and descrip-
14 tion of the qualifications of each incumbent of each
15 such position, together with the position title and a
16 statement of the functions, duties, and responsibilities
17 performed by each such incumbent, except that nothing
18 contained in this section shall require the resubmis-
19 sion of information required under this paragraph which
20 has been reported pursuant to this section and which
21 remains unchanged, and

22 “(3) such other information as he deems appro-
23 priate or which may be required by the Congress or
24 a committee thereof.

25 “(b) In any instance in which any officer so re-

1 *quired to submit such report may find full public disclo-*
2 *sure of any or all of the above-specified items to be detri-*
3 *mental to the national security such officer is authorized—*

4 “(1) to omit in his annual report those items with
5 respect to which full public disclosure is found by him
6 to be detrimental to the national security.

7 “(2) to inform the Congress of such omission, and

8 “(3) at the request of any congressional committee
9 to which such report is referred, to present all informa-
10 tion concerning such items.”

Passed the House of Representatives July 30, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

AUGUST 2, 1955

Read twice and ordered to be placed on the calendar

JANUARY 5, 1956

Referred to the Committee on Post Office and Civil Service

JULY 18 (legislative day, JULY 16), 1956

Reported with an amendment

July 19, 1956

12242, 12243, 12323

Confirmed the nominations of George H. Coopers, Karl D. Butler, Charles R. Sayre, Frank J. Welch, and J. Leroy Welsh to be members of the Commission on Increased Industrial Use of Agricultural Products. pp. 12248, 12323

15. EXECUTIVE PAY. Began consideration of H. R. 7619, to adjust the rates of compensation of the heads of executive departments and of certain other officials of the government, but took no action. p. 12302
16. FOREIGN TRADE; SURPLUS COMMODITIES. Conferees were appointed on S. 3903, to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase from \$1.5 to \$3 billion the amount for purposes of title I of the Act. p. 12320
17. ELECTRIFICATION. Rejected, by a vote of 51 to 41, S. 1333, to authorize the construction, operation, and maintenance of the Hells Canyon dam. pp. 12248, 12321
18. CONTRACTS. Passed as reported H. R. 11947, to extend and amend the Renegotiation Act of 1951. p. 12295
19. SEEDS. The Interior and Insular Affairs Committee reported with amendment H. R. 11522, to provide for the extension of certain provisions of Federal laws, including the Federal Seed Act, the Vocational Rehabilitation Act, and wildlife restoration authorities, to Guam. p. 12241
20. NATURAL RESOURCES. The Public Works Committee ordered reported, but did not actually report, without amendment S. Res. 281, expressing the sense of the Senate relative to the conservation and development of land and water resources. p. D837
21. TAXATION; PROPERTY. Sen. Wiley inserted several letters and commented on the desirability of the Federal Government making payments in lieu of taxes to local governments. p. 12322
- LEGISLATIVE PROGRAM. Sen. Johnson said the mutual security appropriation bill would probably be considered today. p. 12295

ITEMS IN APPENDIX

23. FARM PROGRAM. Rep. Cooley stated that "the Committee on Agriculture has handled in the 84th Congress the heaviest legislative workload ever undertaken in any Congress in behalf of the farmers of America," and inserted a review of enactments thus far in the 2nd session relating to agriculture. p. A5649
24. PUBLIC WORKS; FLOOD CONTROL. Various insertions of speeches made before the national convention of the National Rivers and Harbors Congress held in Washington on May 10 - 12, 1956. pp. A5647, A5671, A5690
25. TRANSPORTATION. Rep. Hinshaw inserted a magazine article discussing controversies which have arisen over the equity or inequity of provisions in the Commerce Act providing for the movement of Government property at free or reduced rates. p. A5653
26. TEXTILES. Rep. Philbin stated that there is no "factual basis" for the claim that new synthetic fabrics have been responsible for the present problems of the textile industry and urged Congress to act soon to check "devitalizing im-

ports" if we are to retain the vitality of our free-enterprise system. p. A5656

Rep. Donohue inserted Peter Edson's column concerning problems of the domestic textile industry and stated that "...it points up the fact that the only preserving solution is the sensible application of import quota restrictions on foreign textiles, which I hope may soon be accomplished." p. A5683

27. INSECT CONTROL. Rep. Harrison inserted a newspaper article describing the operations and value of a vigorous program of insect control in agricultural and suburban areas. p. A5678
28. SMALL BUSINESS. Rep. Thompson, Jr. inserted a letter from the National Federation of Independent Business suggesting that small business will be aided to success through enforcement of anti-trust laws. p. A5680
29. RECLAMATION. Rep. Johnson, Wis., inserted a Farmers Union radio broadcast urging support of the high dam at Hells Canyon, and a newsletter from the Farmers Union discussing the program related to the project. pp. A5681, A5699
30. PERSONNEL. Rep. Multer inserted his statement before the House Post Office and Civil Service Committee urging caution in any revision of the Federal security regulations. p. A5686
31. MARKETING. Sen. Hickenlooper inserted a statement of the Iowa-Nebraska Cannery Association opposing S. 2933, relating to Federal production and marketing controls of fruits and vegetables for processing. p. A5689
32. RESEARCH. Rep. Beamer inserted his statement before the House Agriculture Committee urging support for bills to provide for a scientific study of increased industrial uses of agricultural products. p. A5702
33. ATOMIC POWER. Various insertions favoring and opposing the proposed atomic energy electric power acceleration program. pp. A5658, A5671, A5682, A5690
34. FLOOD CONTROL. Rep. Beamer inserted reports from the Army Corps of Engineers on the flood control plans of the Wabash River. p. A5660
35. GREAT PLAINS. Rep. Hill inserted the statement of Assistant Secretary Peterson before the House Agriculture Committee on the USDA program for the Great Plains area. p. A5667
36. BANKING. Rep. Latham inserted an article questioning the advisability of further governmental controls on the banking industry and opposing proposals to regulate bank mergers. p. A5676

BILLS INTRODUCED

37. FARM LOANS. S. 4245, by Sen. Hennings, to permit the Secretary of Agriculture or any other officer or agency of the Department of Agriculture holding in an official capacity a mortgage on any real property to be made a party in condemnation proceedings involving such property; to Agriculture and Forestry Committee.
38. RESEARCH; MARKETING. H. R. 12310, by Rep. Abernethy and H. R. 12315, by Rep. Dixon, to provide for further research relating to new and improved uses which

Mr. CASE of South Dakota. If the Senator will yield, we started out with exempting sales under \$100,000.

Mr. O'MAHONEY. That was because of lack of knowledge. Now we have the knowledge.

Mr. CASE of South Dakota. Let me follow that statement through. We went from \$100,000 to \$200,000 or \$300,000. Then when the act was extended again, for the preparedness effort in connection with the Korean war, the exemption was increased to cover sales up to \$500,000. In the amendment proposed to the act by the bill before the Senate, the exemption would be increased from \$500,000 to \$1 million. The information before the Senate shows what would be the result of such an increase. But to go from \$500,000 up to \$2 million is a considerable jump, and there is nothing in the report of the committee to give any idea at all of what it would involve either in the number of cases or in dollar amounts.

The table to which I alluded, and which appears on page 3 of the report, which was placed in the RECORD, indicates, on the basis of past history, what the change proposed by the bill will accomplish so far as the number of cases and percentage of total volume are concerned.

Unless some Senator has the information, there is none before the Senate to indicate what an increase in the exemption from \$500,000 up to \$2 million would mean.

It seems to me the committee has acted wisely in limiting the increase of exemptions to a doubling of the amount now permitted.

Mr. O'MAHONEY. I am advised by the clerk of the committee that the \$1 million figure was not a committee amendment. That is what the chairman of the committee said. It appears on page 9, line 17, and the figure \$1 million is in roman type, so that it appears this was a House amendment.

Mr. CASE of South Dakota. It is a change from the present law.

Mr. O'MAHONEY. It is a change from the present law. The Senate has done nothing to that amendment. What the Senator from Indiana [Mr. CAPEHART] and I are seeking to do is amend the figure on page 9, line 17, to \$2 million, so the committee of conference of the two Houses may have an opportunity to go into this matter. I think the Senator from South Dakota and the committee will be serving a great public interest if they agree to our amendment to increase the amount to \$2 million.

Mr. CAPEHART. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. CAPEHART. The Renegotiation Act was passed when we were at war, or just prior thereto, and when we were building literally thousands and thousands of special items.

Mr. O'MAHONEY. That is correct.

Mr. CAPEHART. Today, the small-business men participate primarily in the production of what we call civilian goods, and such contracts should not be subject to renegotiation at all—whether amounting to \$2 million, \$3 million, or \$4 million.

Mr. BYRD. Mr. President, will the Senator from Wyoming yield to me, to permit me to make a brief statement on the proposed amendment?

Mr. O'MAHONEY. I yield.

Mr. BYRD. Mr. President, when the Renegotiation Act was amended last year, the committee was directed, by means of an amendment, to make recommendations for amendment and simplification of the act itself; and in that connection the committee directed its staff to make a study for that purpose. The staff has been working on that matter for months; and the Joint Committee on Internal Revenue Taxation has been working on the bill. The members of the Joint Committee on Internal Revenue Taxation are the ranking members of the Finance Committee of the Senate and the Ways and Means Committee of the House of Representatives, as the Senator from Wyoming knows.

Subsequently the bill was introduced in the House of Representatives, and was passed by the House.

If the statutory floor of \$500,000 had been \$1,000,000 when the 1951 act was adopted, 37 percent of the cases renegotiated would have been exempt. Furthermore, the bill provides for carryover of losses for a period of two years. The bill eliminates the present requirement of making a filing when the contractor's defense business is below the statutory floor. The bill simplifies the standard article exemption.

Mr. O'MAHONEY. Mr. President, will the Senator from Virginia permit me to make a remark at this point?

Mr. BYRD. Certainly.

Mr. O'MAHONEY. I am only trying to give the Senator from Virginia double congratulations on the work of his committee. I think he will be far more worthy of commendation if he accepts this amendment, which provides for a further review.

Mr. BYRD. Mr. President, I am sorry I cannot agree with the Senator from Wyoming. This measure has been considered and approved by the various departments of the Government, including the Air Force, which has more contracts than does any other Government department.

The bill increases the ceiling from \$500,000 to \$1,000,000. I agree with the Senator from South Dakota that this is as far as we should go at this time. I am in favor of eliminating renegotiation where it is not needed. However, after all, at the present time the Defense Department is spending \$35 billion a year on defense contracts; and I think we need a renegotiation law for the present.

Mr. O'MAHONEY. Yes, we do; I am all for the renegotiation law.

Mr. BYRD. I would not be willing to accept the amendment, because the Defense Department has said that it is willing to agree to the \$1 million figure, but we have no information from the Defense Department that it would agree to the \$2 million figure. As the Senator from Wyoming knows, renegotiation occurs chiefly with respect to contracts made by the Defense Department.

Mr. O'MAHONEY. Mr. President, I wish the RECORD to show that this point in the session it is difficult to obtain a

quorum. I do not care to suggest the absence of a quorum in connection with this matter; but I desire the RECORD to show that few Members of the Senate are having an opportunity to receive a full explanation of the bill. I also wish to point out the importance of the disparity between the actual renegotiations which are occurring with the companies which are obtaining the bulk of the contracts and the renegotiations which are occurring with the small companies which are getting only small portions.

Mr. President, I shall not suggest the absence of a quorum.

Mr. CAPEHART. Mr. President, would the Senator from Wyoming be willing to modify the amendment, so as to have it provide an exemption of \$1,500,000?

Mr. O'MAHONEY. Yes.

Mr. BYRD. Mr. President, let me say under existing law, the contracts of 21 agencies are subject to renegotiation. By the bill that number has been reduced to eight. Those eight agencies, whose contracts still would be subject to renegotiation, are the Departments of Defense, the Army, the Navy, the Air Force, the Department of Commerce, the Federal Maritime Board, and the Maritime Administration only, the Atomic Energy Commission, and the General Services Administration.

The bill, as it now stands, was agreed to by the House Ways and Means Committee, and I fear that there would be difficulty in conference on such an amendment as is proposed.

Mr. O'MAHONEY. Mr. President, by agreement between the Senator from Indiana [Mr. CAPEHART] and myself, we shall modify the amendment, by having it provide that on page 9, in line 17, the figure "\$1,000,000" be stricken out, and that in lieu thereof there be inserted "\$1,500,000."

Mr. President, I shall not suggest the absence of a quorum. Neither shall I request a yea-and-nay vote on the question of agreeing to the amendment.

I hope the Members of the Senate who are present will vote for the amendment; and I hope that in consideration for our lack of desire to conduct anything resembling a filibuster upon this proposal, the chairman of the committee will agree to accept the amendment.

The PRESIDING OFFICER. The amendment, as modified, which has been submitted by the Senator from Wyoming, for himself and the Senator from Indiana [Mr. CAPEHART], will be stated.

The CHIEF CLERK. On page 9, in line 17, it is proposed to strike out "\$1,000,000" and to insert in lieu thereof "\$1,500,000."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] for himself and the Senator from Indiana [Mr. CAPEHART].

Mr. BYRD. Mr. President, I am sorry that I cannot accept the amendment.

Mr. O'MAHONEY. Mr. President, let us have the vote on the amendment taken.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment submitted by the Senator from Wyoming, for himself, and the Senator from Indiana. [Putting the question.]

The "noes" appear to have it; and the "noes" have it, and—

Mr. O'MAHONEY. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 11947) was read the third time, and passed.

Mr. JOHNSON of Texas subsequently said: Mr. President, I move that the Senate insist on its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. MORSE in the chair) appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania conferees on the part of the Senate.

ADJUSTMENT OF RATES OF COMPENSATION OF HEADS OF EXECUTIVE DEPARTMENTS

Mr. BUTLER obtained the floor.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Maryland will yield to me, I should like to have another bill made the pending business; and then I should like to make an announcement.

Mr. BUTLER. I yield for that purpose.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2687, House bill 7619.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 7619) to adjust the rates of compensation of the heads of executive departments and of certain other officials of the Federal Government, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7619) to adjust the rates of compensation of the heads of executive departments and of certain other officials of the Federal Government, and for other purposes, which had been reported from the Committee on Post Office and Civil Service with an amendment.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, let me state that I plan to call up Calendar No. 2679, Senate Resolution 73, to refer to the Court of Claims the bill (S. 542) for the relief of the Trust Association of H. Kempner. That measure

has been cleared by the majority and minority leaderships, and I should like to have the RECORD show that.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

CONVENTIONS

Mr. JOHNSON of Texas. Mr. President, there are two treaties or conventions on the Executive Calendar—Executive J and Executive K. I ask unanimous consent that on the question of agreeing to the resolution of ratification of each of those treaties or conventions, only one vote be taken.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I should like to state, for the information of the Senate, that at the conclusion of the remarks of the Senator from Maryland [Mr. BUTLER], the Senate will proceed to the consideration of the treaties or conventions on the Executive Calendar; and as just ordered, one yeand-nay vote will be taken on the question of agreeing to the resolution of ratification of each of the conventions.

Thereafter we shall proceed to the consideration of the nominations to represent the United States at the General Assembly of the United Nations; and a yeand-nay vote will be taken on that question.

THERE IS NO PLACE FOR SOCIALISTS IN THE EISENHOWER ADMINISTRATION

Mr. BUTLER. Mr. President, Fletcher Knebel, the author of Potomac Fever, one of the amusing columns in the Washington Star, on June 18 said:

Republicans promised in 1952 they'd kick every Communist out of Government. They think they succeeded, but darn if they can remember what the fellow's name was.

I do not intend to indulge in name-calling; therefore, I will not attempt to supply the fellow's name. I am also not going to charge anyone with being a Communist.

We all know that the vast majority—all but a most minute minority—of the more than 2¼ million civilian employees of the Federal Government are loyal, dedicated, hard-working citizens who serve the American public well. They do an amazingly good job, which is often little appreciated. It is to be expected that in any large group of people—whether it be Government, a large corporation, or a university—there will, of course, be found individuals who are habitual drunkards, sex deviates, too communicative, or otherwise objectionable. These people must be separated from the payroll for the good of the service. They are always a tiny minority.

Obviously, the President of the United States and the top administrative officials of the Government have no intimate personal knowledge concerning all the people who constitute the Government career service. The top officials usually first learn of the existence of an unworthy character in Government by the public disclosure of his misdeeds.

Mr. President, the political party in power is responsible, however, for the performance of the principal executive officers of the Government. They are selected by the President with the advice and consent of the Senate. They set the standard for the performance of the entire executive branch. These officials recruit personnel into the Federal Government. They determine who shall be promoted, who shall be retained in Government service, and the responsibilities delegated to each subordinate officer. If we permit top officials to serve who are not completely dedicated to the ideals which we hold dear, we must not be surprised to find individuals in the lower levels of Government who have betrayed their trust.

The initial responsibility in selecting these officials rests with the President. The Members of the Senate also have a responsibility which they cannot evade, as they must approve the President's nominations. The top officials of our Government today were nominated by President Eisenhower, and their appointments were confirmed by the Senate. They are dedicated to the preservation of the Constitution of the United States, to the promotion of individual freedom for all of our citizens, and to the preservation of our system of competitive private enterprise which has made us the most prosperous and strongest nation on the face of the earth.

I think I can best illustrate the contrast between those who administer our Government today under a Republican administration and those who formerly served under a Democratic administration by using a specific example. I wish to examine with Senators the record of one individual who held a position of great responsibility under the Truman administration and whose Government employment ceased with the election of President Eisenhower in 1952. I repeat, I will not indulge in name-calling. I shall call him Mister X. This individual served in Paris as a high official in the Mutual Security Agency, then under the direction of W. Averell Harriman who is at present the Governor of the great State of New York.

Mr. President, former President Truman participated in awarding the four freedoms award to Governor Harriman before he left on his European trip on May 9 of this year. President Truman said of Governor Harriman:

We miss his wisdom and energy and sure touch in our foreign policy today.

Referring to a warning in 1945 by Mr. Harriman, then Ambassador to Moscow, that the Russians were threatening to sabotage the forthcoming peace, the former President said:

Averell Harriman was right then and he has been right since about the Russian threat to peace and freedom. He was not

Sate 7/20/57

14. NATURAL RESOURCES. The Interior and Insular Affairs Committee and the Public Works Committee reported with amendments S. Res. 281, expressing the sense of the Senate regarding executive policy in connection with water resources development, etc. (S. Rept. 2686). p. 12403
15. MUTUAL SECURITY APPROPRIATION BILL, 1957. Began debate on this bill, H. R. 12130. p. 12471
16. FOREIGN AID; IMPORTS. Sen. Malone claimed that foreign aid has been used to foster production, particularly agricultural production, which is competitive with U. S. products. p. 12490
17. RECLAMATION; FARM LOANS. Agreed to the conference report on H. R. 5881, to supplement the Federal reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects. This bill will now be sent to the President. p. 12445
18. EXECUTIVE PAY; RETIREMENT. Passed with amendments H. R. 7619, the executive pay bill, with additional provisions regarding retirement, etc. (pp. 12438, 12447). Rejected an amendment by Sen. Morse to make the executive pay provisions retroactive to Jan. 1, 1956 (p. 12465). Agreed to an amendment by Sen. Russell to decrease from 275 to 145 the additional major positions in the Defense Department, etc. (p. 12460). Senate conferees were appointed (p. 12469).

As passed, the bill includes executive pay items for this Department as follows: Secretary, \$25,000; Under Secretary, \$21,000; Assistant Secretaries, Administrator of CSS, Administrator of REA, and General Counsel, \$20,000; heads of ARS, SCS, FHA, FS, and FIC, \$17,500; certain scientists on foot-and-mouth disease work, \$19,000 (now \$15,000); all GS-18 positions, \$16,000; and all GS-17 positions, an additional step at \$14,835. Allocates the positions of 7 directors of CSS commodity offices at GS-16. Authorizes allocation of 3 positions as Deputy ARS Administrator at GS-18. Provides for Presidential appointment and Senate confirmation of the General Counsel, with a provision that the existing position shall be abolished effective upon appointment and qualification of a General Counsel or Apr. 1, 1957, whichever is earlier.

The bill provides for certain positions of particular interest to this Department as follows: Budget Bureau Director, Comptroller General, OPM Director, \$22,500; Civil Defense Administrator, GSA Administrator, FCA Governor, \$21,000; Chairman of Civil Service Commission, Chairman of Council of Economic Advisers, \$20,500; Deputy Director of Budget Bureau, \$20,500; Assistant Directors of Budget Bureau, Archivist, Director of National Science Foundation, members of CSC, \$20,000.

Title II of the bill provides that the term of office of each Civil Service Commissioner shall be 6 years, on a staggered-term basis, and that one of the commission members (instead of the Executive Director) shall be responsible for administration, if present during the absence of the Chairman.

Title IV is a revision of the Civil Service Retirement Act. It is a modification of S. 2875, the Johnston retirement bill which was recently passed by the Senate.

19. APPROPRIATIONS. Received from the President various/supplemental appropriation estimates for 1957 (S. Doc. 143); to Appropriations Committee. p. 12402 (For items of interest to USDA, see item 66, this Digest.)
20. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 3957, to amend the act authorizing exchange and amendment of certain farm units on Federal irrigation projects in order to limit the time during which applications may be made (S. Rept. 2685). p. 12403

Passed without amendment S. 3728, to authorize the San Angelo Federal reclamation project, Tex. p. 12420

21. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported without amendment S. J. Res. 197, authorizing the President to proclaim the week of Oct. 22, 1956, as National Transportation Week (S. Rept. 2698) p. 12403
The Interstate and Foreign Commerce Committee agreed to recommend that the Senate accept the House amendments to S. 898, the truck trip leasing bill p. D846
22. WORLD TRADE FAIR. Passed without amendment H. J. Res. 604, authorizing the President to invite the States and foreign countries to participate in the U. S. World Trade Fair. This measure will now be sent to the President. p. 12422
23. FARM-CITY WEEK. The Judiciary Committee reported without amendment H. J. Res. 317, designating the week of Nov. 16, 1956, as National Farm-City Week (S. Rept. 2702) p. 12504
24. PATENTS. The Judiciary Committee reported without amendment H. R. 2128, to authorize the extension of patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the armed forces or by production controls (S. Rept. 2704) p. 12504
25. LEGISLATIVE PROGRAM. It was agreed that the calendar will be called Mon., and it was announced that the second supplemental appropriation bill will be considered when reported. pp. 12424, D851

BILLS INTRODUCED - July 20

26. BUDGET BUREAU. S. J. Res. 199, by Sen. Knowland, to authorize an additional position of Assistant Director of the Budget Bureau; to Post Office and Civil Service Committee.
27. ENFORCEMENT ACTIVITIES. S. 4262, by Sen. Wiley, to make it a Federal offense to attack, etc., certain ~~HW~~ personnel engaged in enforcing food and drug and public health laws; to Judiciary Committee. Remarks of author. p. 12406
28. CONTRACTS. S. 4260, by Sen. Kennedy, to make various changes in the Walsh-Healey Public Contracts Act; to Labor and Public Welfare Committee. Remarks of author. p. 12405
29. LIBRARIES; PUBLICATIONS. H. R. 12325, by Rep. Hays, Ohio, "to constitute certain libraries as designated depositories of Government publications"; to House Administration Committee.
30. TEXTILES. H. R. 12332, by Rep. Smith, Miss., to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products; to Interstate and Foreign Commerce Committee.

ITEMS IN APPENDIX - July 20

31. FLOOD CONTROL. Rep. Weaver inserted a Saturday Evening Post article describing a flood control project at Lincoln, Nebr. p. A5715
32. FARM HOUSING LOANS; Extension of remarks of Rep. Hays, Ohio, commending the farm housing provisions of the omnibus housing bill and criticizing the

The legislative clerk read the report. (For conference report, see House proceedings of July 18, 1956, p. 12183, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, I understand from the Senator from Alabama that the report is signed by all the conferees.

Mr. HILL. That is correct. The conference report is signed by all the conferees. This conference report constitutes the passage of another important health measure, authorizing appropriations for the construction of research facilities in an effort to find the cause and cure or prevention of crippling and killing diseases.

Mr. President, we are approaching the closing days of the session. Soon the 84th Congress will be another chapter in history—another milestone in the progress of our country.

It is difficult in the course of day-by-day debate to maintain a proper perspective on what has been done and what is being done. The problems of the moment loom large and the problems and the solutions of yesterday fade into limbo.

In a sense, this is a healthy attitude. If we were content to rest upon our laurels, progress would come to a halt. If we were satisfied with the achievements of the past, there would be no gains in the present and no prospect of gains in the future.

But it is not resting upon our laurels to summarize the activities of the Congress—to place in perspective the splendid achievements.

Of these achievements, some of the brightest and most enduring are the great strides that have been made in the field of health legislation. This can truly be called a Congress with a heart—a Congress that demonstrated effectively its deep concern for the physical and mental well-being of Americans.

Recently, I undertook to summarize some of the activities of the Senate in the field of health. The results of the study, I believe, are heartening to all those who regard the battle against pain and disease as one which must be prosecuted vigorously.

The record can make all of us proud.

We have faced up to the constantly increasing threat of air and water pollution.

We have provided for fair and equitable distribution of the Salk polio vaccine.

We have moved to place new weapons into the hands of the men who stand in the frontlines of the struggle against all those diseases that kill and cripple mankind.

We have expanded the programs that bring hope to the lame, the halt, and the blind.

We provided the largest appropriation in history for the Children's Bureau and for services to crippled children.

We have made it possible to act effectively in the too-long neglected field of mental illness.

We have provided improved medical research for our veterans' hospitals.

And none of these achievements brought the long hand of the Government into the private practice of medicine. The traditional and healthy relationship of doctor and patient was not disturbed.

I would like to summarize for my colleagues and for the people the truly impressive record.

WE MUST KNOW THE FACTS

It may come as a surprise to many of our people to know that our researchers and our technicians in the field of medicine have been forced to grope in the dark for many years. They simply did not have some of the most basic facts and figures upon which they could base an intelligent attack against the ills of mankind.

We do not know—for sure—how many of our people suffer from which ailments. We do not know—for sure—the cost in lives, in time lost to industry, in suffering to families, of the various diseases.

The last statistics were collected in 1936 and they were invalid by 1937. Since then, all of our plans have been based on estimates and guesses. Those estimates and guesses have been good. But they are no substitute for accurate, precise knowledge.

This Congress has tackled that problem. It has passed legislation to establish the mechanism for a continuing Survey of Sickness. We will not only gather the facts but we will keep them up to date.

Had we done nothing else, this would have been one of the most important steps taken in many years.

HOPE FOR THE HANDICAPPED

However, this Congress realized that absence of precise knowledge was not an excuse for failure to act. The first field which I am going to review is that of rehabilitation for the physically handicapped.

This Congress voted an increase of \$5 million in the funds that are used to restore to useful, productive, and happy lives those who have been handicapped by disease or injury. In addition, we extended the program through which such organizations as the Goodwill Industries, Cerebral Palsy Associations, and organizations for the blind have been able to provide training and job opportunities for the stricken.

The Senate also moved to help sightless children—wherever they may be receiving their education—to have the special books and recordings and other materials which they need. For many, this could mean the difference between a life of rich achievement and a life of idle despair.

The problems of our mentally retarded children—nearly 1½ million—were not forgotten. This Senate launched a program to help train teachers who can direct these children into useful paths of life rather than leave them in classrooms where they will learn little and hold back the progress of others.

CARE OF THE SICK

The Senate made important strides in meeting the grave shortage in hospital beds and trained personnel. We voted

to extend the hospital construction program of the Hill-Burton act for another 2 years and to appropriate \$125 million for its operation next year. We provided funds to set in motion the program authorized in the act to make available to all the fruits of our 10 years of experience and knowledge gained in the building and operation of hospitals and health facilities.

We inaugurated a program to provide badly needed teachers of nursing and hospital nurse supervisors. We also initiated a 5-year program for the vocational education of practical nurses. This latter program will not only prove a great boon to our hospitals and sadly overworked nurses but will also come as a great relief to those victims of chronic illness in need of nursing care not now available to them.

PROTECTING THE PUBLIC'S HEALTH

The 84th Congress took important steps to protect the community from the new hazards to health that have been created by modern technology.

First, we passed a water pollution bill. It provides \$50 million a year for 10 years to help the States maintain the purity of their water supplies. It launches a 5-year research program into water pollution. And it strengthens enforcement procedures against those who would pollute our streams and lakes.

Second, we voted a decided increase in research funds for the Public Health Service to seek out the cause and control of air pollution. This was welcome news to some of our great cities where "smog" has ceased to be a somewhat grim jest and has become an actual menace.

Third, the Senate initiated a new program for advanced training in public health work. This means that our officials and public health workers will have at their disposal the knowledge needed to protect all Americans from new health menaces, such as the disposal of radioactive wastes.

THE DIRECT ASSAULT

The high point of the activities of the 84th Congress in the field of health, however, was the direct assault on the great killers andcrippers of mankind.

There are many diseases and ailments about which we know very little. Our very lack of knowledge adds to the dread with which they are regarded.

I need cite only a few—cancer, heart ailments, cerebral palsy, arthritis, and mental illness. These words represent stark tragedy in American homes and among American families.

In the 84th Congress, committees of both branches called in the greatest men of medicine in these fields. They were questioned at length about what could be done, what should be done, and what might be done.

The verdict was unanimous. Three things were needed.

First, funds for research workers.

Second, the provision of more laboratories and research facilities to relieve the serious shortage of research facilities.

Third, the provision of a reservoir of scientific knowledge upon which the research workers could draw.

Let me give you just one example of the many steps which Congress took in this direction.

There is no more tragic or serious illness afflicting humanity than mental sickness. One out of every two hospital beds in this country is occupied by a victim of a mental ailment. The taxpayers lay out directly more than \$1,850,000,000 a year to cope with the problem.

The cost is increasing at an estimated rate of \$100 million a year. No electronic adding machine could possibly calculate the cost in ruined lives and heartbreak.

Congress authorized a 3-year study of the problem and authorized an appropriation of \$1¼ million. The Senate also voted to provide money for experiments in new ways of managing our

mental institutions and more effective means of mobilizing our trained experts.

Finally, the 84th Congress authorized the greatest and most imaginative research program ever conceived into the causes and cures of mental illness. It almost doubled the money recommended by the Budget Bureau for this vital inquiry—from \$18 million to more than \$35 million.

This story can be repeated in practically every major field of disease—in cancer, heart ailments, arthritis, tuberculosis, and many others. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a table summarizing the health appropriations of this Congress.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Health items—Department of Health, Education, and Welfare

Item	Fiscal year 1956		Fiscal year 1957	
	Estimates	Appropriations	Estimates	Appropriations
National Heart Institute.....	\$17,278,000	\$18,978,000	\$22,106,000	\$33,396,000
National Cancer Institute.....	22,238,000	24,828,000	32,437,000	48,432,000
Mental Health Institute.....	17,501,000	17,751,000	21,749,000	35,197,000
Tuberculosis.....	6,000,000	6,000,000	6,375,000	6,625,000
Arthritis and Metabolic Diseases.....	8,740,000	10,740,000	13,345,000	15,885,000
Venereal Disease Control.....	3,000,000	3,500,000	3,640,000	4,140,000
Communicable Diseases.....	4,400,000	5,250,000	5,210,000	5,210,000
Dental Health Institute.....	2,136,000	2,236,000	2,971,000	6,026,000
Neurology and Blindness.....	8,111,000	9,861,000	12,196,000	18,650,000
Microbiology activities.....	6,645,000	7,580,000	9,799,000	13,299,000
Total 10 items.....	96,499,000	106,624,000	129,828,000	186,860,000

DENTAL RESEARCH

Mr. HILL. All of our health problems do not have the dramatic impact of cancer, polio, or heart disease. Nevertheless, there are some forms of illness which take a frightful toll.

It has been estimated that 98 percent of our people suffer from dental disease at some time in their lives. This does not make headlines but it does make for misery, for loss of efficiency and for strain on the family budget.

This Congress more than doubled the administration's request for research funds into dental disease. This was not an arbitrary action but represented the best thinking of outstanding experts, including representatives of the American Dental Association, on funds that could be profitably used in research.

In addition, the 84th Congress voted funds to construct the National Institute of Dental Research which will take its place beside the other great institutes of health at Bethesda.

A RESERVOIR OF KNOWLEDGE

I do not want to leave this part of my remarks without calling attention to an act of incalculable value. It was the vote by the Senate to create the National Library of Medicine—the greatest reservoir of scientific knowledge in the world.

Under this project, our men of science—the men who create the “magic bullets” against the ailments of mankind—would have the medical knowledge of the ages at their fingertips. They would have access to the results of experiments performed hundreds of

miles away—and it will be up to date. America's men of medical science, working wherever they may choose and as the creative individuals they are, will function as a great scientific team welded together by a constant interchange of knowledge, ideas, and inspiration. Time will prove that in authorizing the construction of our National Library of Medicine, the Senate has advanced the health of the American people by decades.

HOPE FOR OUR CHILDREN

This discussion would not be complete without a reference to one of the most important steps in the medical field in many decades. It is the discovery and development of the Salk polio vaccine—the culmination of years of research.

Every parent has felt the breath of terror that accompanies the word “polio.” Every parent has prayed for a God-given shield that will protect our children from this scourge.

The announcement of the polio vaccine was greeted as a deliverance from fear. And this Congress moved to make the rejoicing a reality. We made it possible for every State in the Union to guarantee that no child need do without the protection regardless of economic circumstances.

For this, America's parents sleep more easily at night.

THAT MEN MAY LIVE

Mr. President, I have made these remarks not out of a spirit of boasting, but out of a quiet pride for this Congress.

The measures and the acts that I have discussed today rarely made headlines.

Most of them wound up as an incidental reference in a column of figures attached to a wire service story.

But we are not here to create headlines and spend all of our time in controversy. We have been elected to serve the American people—to so conduct ourselves that men and women and children may live better and more secure lives.

The work that we have done on arthritis may not stir the emotions of those who constantly search for supercharged “issues.” But it will bring comfort to millions afflicted by this crippling and little understood disease.

The steps we have taken to rehabilitate the handicapped may not bring cheering throngs into the streets. But they open up new vistas and opportunity to those who were heretofore condemned to a drab, monotonous life as a burden upon their families.

The action we have taken for those who suffer from mental illness may not command columns of newspaper space. But it holds forth the promise of salvaging the most precious of all natural resources—the human mind.

This has been quiet work, unspectacular work. But I view it—as do my colleagues—with a sense of satisfaction that is abiding and will never fade.

This has been a Congress that thought about the people and tried to do something for them. I do not mean people in the mass—an abstract bundle of votes but human beings who were suffering and in need.

This Congress did not fail them and in history it can well go down as the Congress with a heart.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXECUTIVE PAY ACT OF 1956

The Senate resumed consideration of the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and certain other officials of the Federal Government, and for other purposes.

The PRESIDING OFFICER. The committee amendment strikes out all after the enacting clause and inserts a complete substitute. In such cases, under the precedents of the Senate, the substitute is considered as original text for the purpose of amendment, and is subject to amendment in two degrees.

An amendment to the original text would have precedence over an amendment to the substitute.

Amendments to the original text or to the committee substitute will have precedence over a vote on the substitute itself.

INCREASE IN LIMIT OF EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY IN STUDY OF JUVENILE DELINQUENCY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 2566, Senate Resolution 303.

committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2182) for the relief of the city of Elkins, W. Va.

The message further announced that the House insisted upon its amendment to the bill (S. 3903) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase the amount authorized to be appropriated for purposes of title II of the act, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. HOPE, and Mr. ANDRESEN were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 86) authorizing the conferees on H. R. 1774 abolishing the Verendrye National Monument, N. Dak., to consider certain additional Senate amendments.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 5435. An act to amend further the Federal Civil Defense Act of 1950, as amended, to authorize the Federal Civil Defense Administration to procure radiological instruments and detection devices, and for other purposes;

H. R. 11969. An act to require certain safety devices on household refrigerators shipped in interstate commerce;

H. R. 12170. An act to remove the present \$1,000 limitation which prevents the Secretary of the Navy from settling certain claims arising out of the crash of a naval aircraft at the Wold-Chamberlain Airfield, Minneapolis, Minn.; and

H. J. Res. 549. Joint resolution granting the consent of Congress to the State of New York to negotiate and enter into an agreement or compact with the Government of Canada for the establishment of the Niagara Frontier Port Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N. Y., and the city of Fort Erie, Ontario, Canada.

The message also announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 254. Concurrent resolution authorizing the printing of additional copies of House Reports Nos. 2240, 2241, 2242, 2243, and 2244, current session;

H. Con. Res. 261. Concurrent resolution authorizing the printing of additional copies of the hearings on civil defense for national survival held during the current session by a subcommittee of the Committee on Government Operations;

H. Con. Res. 262. Concurrent resolution authorizing the Joint Committee on Atomic Energy to print 40,000 additional copies of the hearings of the Research and Development Subcommittee on Progress Report on Research in Medicine, Biology, and Agriculture Using Radioactive Isotopes; and

H. Con. Res. 263. Concurrent resolution authorizing additional copies of the hearing on Labor-Management Problems of the American Merchant Marine.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to

the following enrolled bills, and they were signed by the President pro tempore:

S. 3498. A bill to extend authority of the American Battle Monuments Commission to all areas in which the Armed Forces of the United States have conducted operations since April 6, 1917, and for other purposes; and

H. R. 9801. An act to authorize and direct the Panama Canal Company to construct, maintain, and operate a bridge over the Panama Canal at Balboa, C. Z.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H. R. 5435. An act to amend further the Federal Civil Defense Act of 1950, as amended, to authorize the Federal Civil Defense Administration to procure radiological instruments and detection devices, and for other purposes; to the Committee on Armed Services.

H. R. 11969. An act to require certain safety devices on household refrigerators shipped in interstate commerce; to the Committee on Interstate and Foreign Commerce.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The concurrent resolution (H. Con. Res. 254) authorizing the printing of additional copies of House Reports Nos. 2240, 2241, 2242, 2243, and 2244, current session, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities, House of Representatives, 10,000 additional copies each of House Reports Nos. 2240, 2241, 2242, 2243, and 2244, current session, all of which are reports on the Communist conspiracy.

The concurrent resolution (H. Con. Res. 261) authorizing the printing of additional copies of the hearings on civil defense for national survival held during the current session by a subcommittee of the Committee on Government Operations, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Government Operations not to exceed 3,000 additional copies of each part of the hearing held by the Subcommittee on Military Operations, Committee on Government Operations, during the current session relative to civil defense for national survival.

The concurrent resolution (H. Con. Res. 262) authorizing the Joint Committee on Atomic Energy to print 40,000 additional copies of the hearings of the Research and Development Subcommittee on "Progress Report on Research in Medicine, Biology, and Agriculture Using Radioactive Isotopes," was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed with illustrations for the use of the Joint Committee on Atomic Energy 40,000 additional copies of the hearings held by the Research and Development Subcommittee of the said joint committee during the 84th Congress entitled "Progress Report on

Research in Medicine, Biology, and Agriculture Using Radioactive Isotopes."

The concurrent resolution (H. Con. Res. 263) authorizing additional copies of the hearing on Labor-Management Problems of the American Merchant Marine, was referred to the Committee on Rules and Administration as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Merchant Marine and Fisheries, House of Representatives, 1,000 additional copies of the hearing held by said committee during the current Congress, first session, relative to labor-management problems of the American merchant marine.

EXECUTIVE PAY ACT, 1956

The Senate resumed the consideration of the bill (H. R. 7619) to adjust the rates of compensation of the heads of executive departments and of certain other officials of the Federal Government, and for other purposes, which had been reported from the Committee on Post Office and Civil Service with an amendment to strike out all after the enacting clause and insert:

TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

SEC. 101. This title may be cited as "Federal Executive Pay Act of 1956."

SEC. 102. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$25,000.

- (1) Secretary of State.
- (2) Secretary of Treasury.
- (3) Secretary of Defense.
- (4) Attorney General.
- (5) Postmaster General.
- (6) Secretary of the Interior.
- (7) Secretary of Agriculture.
- (8) Secretary of Commerce.
- (9) Secretary of Labor.
- (10) Secretary of Health, Education, and Welfare.

SEC. 103. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,500.

- (1) Director, Bureau of the Budget.
- (2) Comptroller General.
- (3) Director, Office of Defense Mobilization.

- (4) Under Secretary of State.
- (5) Deputy Secretary of Defense.

(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,000.

- (1) Secretary of the Army.
- (2) Secretary of the Navy.
- (3) Secretary of the Air Force.

SEC. 104. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$21,000.

- (1) Commissioner, Internal Revenue.
- (2) Director of Central Intelligence.
- (3) Director, Federal Bureau of Investigation.

(4) Administrator, Federal Civil Defense Administration.

- (5) Administrator of General Services.
- (6) Administrator of Housing and Home Finance Agency.

- (7) Administrator of Veterans' Affairs.
- (8) Director, International Cooperation Administration.

(9) Director, United States Information Agency.

(10) Governor, Farm Credit Administration.

(11) President, Export-Import Bank of Washington.

- (12) Under Secretary of the Treasury.

(13) Under Secretary of the Treasury for Monetary Affairs.

- (14) Deputy Postmaster General.
- (15) Under Secretary of Interior.
- (16) Under Secretary of Agriculture.
- (17) Under Secretary of Commerce.
- (18) Under Secretary of Commerce for Transportation.

- (19) Under Secretary of Labor.
- (20) Under Secretary of Health, Education, and Welfare.

SEC. 105. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$20,500.

- (1) Chairman, Civil Aeronautics Board.
- (2) Chairman, Civil Service Commission.
- (3) Chairman, Council of Economic Advisers.

- (4) Chairman, Federal Communications Commission.

- (5) Chairman, Board of Directors, Federal Deposit Insurance Corporation.

- (6) Chairman, Federal Maritime Board.

- (7) Chairman, Federal Power Commission.

- (8) Chairman, Board of Governors, Federal Reserve System.

- (9) Chairman, Federal Trade Commission.

- (10) Chairman, Foreign Claims Settlement Commission.

- (11) Chairman, Home Loan Bank Board.

- (12) Chairman, Interstate Commerce Commission.

- (13) Chairman, National Labor Relations Board.

- (14) Chairman, National Mediation Board.

- (15) Chairman, Railroad Retirement Board.

- (16) Chairman, Renegotiation Board.

- (17) Chairman, Securities and Exchange Commission.

- (18) Chairman, Subversive Activities Control Board.

- (19) Chairman, Board of Directors, Tennessee Valley Authority.

- (20) Chairman, United States Tariff Commission.

- (21) Comptroller of the Currency.

- (22) Assistant Comptroller General.

- (23) Deputy Administrator, Federal Civil Defense Administration.

- (24) Deputy Administrator of Veterans' Affairs.

- (25) Deputy Director, Bureau of the Budget.

- (26) Deputy Director, Central Intelligence Agency.

- (27) Deputy Director, Office of Defense Mobilization.

- (28) Deputy Director, United States Information Agency.

- (29) Deputy Under Secretary, Department of State (3).

- (30) Director, Federal Mediation and Conciliation Service.

- (31) First Vice President, Export-Import Bank of Washington.

SEC. 106. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$20,000.

- (1) Administrator, Bureau of Security and Consular Affairs, State Department.

- (2) Administrator of Civil Aeronautics.

- (3) Administrator, Commodity Stabilization Service.

- (4) Administrator, Rural Electrification Administration.

- (5) Administrator, Small Business Administration.

- (6) Administrator, St. Lawrence Seaway Development Corporation.

- (7) Administrator, Wage and Hour Division, Department of Labor.

- (8) Archivist of the United States.

- (9) Assistant Directors, Bureau of the Budget (2).

- (10) Assistant Postmasters General (5).

- (11) Assistant Secretaries of Agriculture (3).

- (12) Assistant Secretaries of Commerce (3).

- (13) Assistant Secretaries of Defense (9).

- (14) Assistant Secretaries of Health, Education, and Welfare (2).

- (15) Assistant Secretaries of Interior (3).

- (16) Assistant Secretaries of Labor (3).

- (17) Assistant Secretaries of State (10).

- (18) Assistant Secretaries of Treasury (3).

- (19) Assistant Secretaries of Air Force (4).

- (20) Assistant Secretaries of Army (4).

- (21) Assistant Secretaries of Navy (4).

- (22) Associate Director, Federal Bureau of Investigation.

- (23) Chairman, Military Liaison Committee, AEC, Department of Defense.

- (24) Commissioner, Community Facilities, Housing and Home Finance Agency.

- (25) Commissioner, Federal Housing Administration.

- (26) Commissioner of Patents.

- (27) Commissioner, Public Housing Administration.

- (28) Commissioner, Urban Renewal Administration.

- (29) Counselor of the Department of State.

- (30) Deputy Administrator, Housing and Home Finance Agency.

- (31) Deputy Administrator, General Services Administration.

- (32) Deputy Director, Central Intelligence Agency.

- (33) Director, Administrative Office of the United States Courts.

- (34) Director, Bureau of Prisons.

- (35) Director, National Advisory Committee for Aeronautics.

- (36) Director, National Science Foundation.

- (37) Director, Selective Service.

- (38) Federal Highway Administrator.

- (39) Fiscal Assistant Secretary of the Treasury.

- (40) General Counsel, National Labor Relations Board.

- (41) Governor of Alaska.

- (42) Governor of the Canal Zone.

- (43) Governor of Hawaii.

- (44) Governor of Guam.

- (45) Governor of the Virgin Islands.

- (46) Librarian of Congress.

- (47) President, Federal National Mortgage Association.

- (48) Public Printer.

- (49) Special Assistant to the Secretary, Department of Health, Education, and Welfare.

- (50) Under Secretary of the Army.

- (51) Under Secretary of the Navy.

- (52) Under Secretary of the Air Force.

- (53) Legal Adviser, solicitor, or general counsel of an executive department (excluding Department of Justice).

- (54) Members of boards and commissions (excluding chairmen):

- Civil Aeronautics Board (4).

- Civil Service Commission (2).

- Council of Economic Advisers (2).

- Board of Directors, Export-Import Bank of Washington (3).

- Federal Communications Commission (6).

- Federal Deposit Insurance Corporation (1).

- Board of Governors of Federal Reserve System (6).

- Federal Maritime Board (2).

- Foreign Claims Settlement Commission (2).

- Federal Power Commission (4).

- Federal Trade Commission (4).

- Home Loan Bank Board (2).

- Interstate Commerce Commission (10).

- National Labor Relations Board (4).

- National Mediation Board (2).

- Railroad Retirement Board (2).

- Renegotiation Board (4).

- Securities and Exchange Commission (4).

- Subversive Activities Control Board (4).

- Board of Directors, Tennessee Valley Authority (2).

- U. S. Tariff Commission (5).

- (b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$19,000.

- (1) Commissioner, Indian Claims Commission (3).

- (2) Commissioner, United States Court of Claims (12).

SEC. 107. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$17,500.

- (1) Administrator, Agricultural Research Service, Department of Agriculture.

- (2) Administrator, Bonneville Power Administration.

- (3) Administrator, Farmers' Home Administration.

- (4) Administrator, Soil Conservation Service, Department of Agriculture.

- (5) Assistant Director, Administrative Office of the United States Courts.

- (6) Associate Director, Federal Mediation and Conciliation Service.

- (7) Chief Assistant Librarian of Congress.

- (8) Chief Forester of the Forest Service, Department of Agriculture.

- (9) Chief of Staff, Joint Committee on Internal Revenue Taxation.

- (10) Commissioner of Customs.

- (11) Commissioner, Federal Supply Service, General Services Administration.

- (12) Commissioner of Narcotics.

- (13) Commissioner of Public Buildings Service.

- (14) Commissioner of Public Roads.

- (15) Commissioner of Reclamation.

- (16) Commissioner of Social Security.

- (17) Commissioner, United States Court of Claims (12).

- (18) Deputy Administrator, Small Business Administration (2).

- (19) Deputy Administrator, St. Lawrence Seaway Development Corporation.

- (20) Deputy Commissioner, Internal Revenue.

- (21) Deputy Public Printer.

- (22) First Assistant Commission of Patents.

- (23) Manager, Federal Crop Insurance Corporation, Department of Agriculture.

SEC. 108. Except as otherwise specifically provided in this title, the chairman or other head of each independent board or commission in the executive branch shall receive, during the period of his service as chairman or other head of such board or commission, annual basic compensation at a rate which is \$500 more than the annual rate of basic compensation prescribed by this title for the other members of such board or commission.

SEC. 109. Section 105 of title 3 of the United States Code is amended to read as follows:

"§ 105. Compensation of secretaries and executive, administrative, and staff assistants to President.

"The President is authorized to fix the compensation of the 6 administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of 8 other secretaries or other immediate staff assistants in the White House Office, as follows: Two at rates not exceeding \$22,500 per annum, 3 at rates not exceeding \$21,000 per annum, 7 at rates not exceeding \$20,000 per annum, and 3 at rates not exceeding \$17,500 per annum."

SEC. 110. The annual compensation for each of the offices established by section 1 (d) of Reorganization Plan Numbered 7 of 1953, effective August 1, 1953 (67 Stat. 639) shall be established by the Secretary of State at a rate not more than \$19,000.

SEC. 111. Section 2 of Public Law 565, 79th Congress, approved July 30, 1946 (60 Stat. 712), is amended by striking out "\$12,000" and inserting in lieu thereof "\$15,000."

SEC. 112. Section 527 (b) of the Mutual Security Act of 1954, approved August 26, 1954 (Public Law 665, 83d Cong.) 68 Stat. 832) is amended by striking out "\$15,000 per annum" and inserting in lieu thereof "\$19,000 per annum."

SEC. 113. (a) The compensation schedule for the General Schedule continued in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out:

"GS-17---- 13,975 14,190 14,405 14,620
GS-18---- 14,800"

and inserting in lieu thereof:

"GS-17_ 13,975 14,190 14,405 14,620 14,835
GS-18_ 16,000."

(b) The rates of basic compensation of officers and employees to whom this section applies shall be initially adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this act at a scheduled rate of grade 17 or 18 of the General Schedule, he shall receive a rate of basic compensation at the corresponding scheduled rate in effect on and after such date;

(2) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate between two scheduled rates of such grade, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date;

(3) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate which is in excess of the maximum scheduled rate of his grade as provided in this section, he shall continue to receive such higher rate of basic compensation until (i) he leaves such position, or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but when such position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such act, as amended.

SEC. 114. The Postal Field Service Schedule in section 301 (a) of the act of June 10, 1955 (Public Law 68, 84th Cong.) is amended by striking out:

"18.... 12,500 12,800 13,100 13,400 13,700 14,000 14,300
19.... 13,600 13,900 14,200 14,500 14,800
20.... 14,800"

and inserting in lieu thereof:

"18.... 12,800 13,100 13,400 13,700 14,000 14,300 14,600
19.... 14,000 14,300 14,600 14,900 15,200
20.... 16,000."

SEC. 115. Section 3 of the act of January 3, 1946, as amended (38 U. S. C. 15b), is hereby amended as follows:

(a) The last sentence of section 3 (b) is amended to read: "During the period of his service as such, the Chief Medical Director shall be paid a salary of \$17,800 a year."

(b) The last sentence of section 3 (c) is amended to read: "During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of \$16,800 a year."

(c) That portion of section 3 (d) which precedes the proviso is amended to read: "Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of \$15,800."

SEC. 116. (a) The first section of the act approved August 1, 1947 (61 Stat. 715; Public Law 313, 80th Cong.), as amended, relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in certain departments and agencies, is amended by striking out "\$10,000" and "\$15,000" and inserting in lieu thereof "\$12,500" and "\$19,000", respectively.

(b) Section 208 (g) of the Public Health Service Act, as amended (42 U. S. C. 210 (g)), relating to salary limitations on research and development positions requiring the

services of specially qualified scientific or professional personnel in the Public Health Service is amended by striking out "\$10,000" and "\$20,000" and inserting in lieu thereof "\$12,000" and "\$19,000", respectively.

SEC. 117. The salary amendments contained in section 116 shall not affect the authority of the Civil Service Commission or the procedure for fixing the pay of individual officers or employees under the statutes therein amended; except that the existing rate of basic compensation of any officer or employee to whom such section applies which is less than a rate of \$12,500 per annum shall be increased to such rate on the effective date of this title.

SEC. 118. Section 12 of the act of May 29, 1884, as amended (21 U. S. C. 113a), relating to salary limitation on technical experts or scientists for research and study of foot-and-mouth disease and other animal diseases, is hereby amended by striking out "\$15,000" and inserting in lieu thereof "\$19,000."

SEC. 119. The last paragraph under the heading "Contingent Expenses of the Senate" in the Legislative Appropriation Act, 1956, is amended by striking out so much thereof as reads "the basic compensation of one employee of each such committee may be fixed at any rate not in excess of \$3,460 per annum" and inserting in lieu thereof "the basic compensation of two employees of each such committee may be fixed at any rate not in excess of \$3,460 per annum."

SEC. 120. The gross rate of compensation of the Legislative Counsel of the Senate shall be \$17,500 per annum.

SEC. 121. This title shall take effect at the beginning of the first pay period commencing after June 30, 1956.

TITLE II—PROVISIONS RELATING TO ORGANIZATION OF CIVIL SERVICE COMMISSION

SEC. 201. (a) The first section of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883, as amended (5 U. S. C., sec. 632), is amended by inserting immediately after the first paragraph thereof a paragraph as follows:

"The term of office of each such Commissioner shall be 6 years, except that (1) the terms of office of the Commissioners holding office on the effective date of this paragraph (including the term of office of an individual appointed to fill any vacancy in the Commission existing on such effective date) shall expire, as designated by the President, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after such effective date; (2) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term of his predecessor shall be appointed for the remainder of such term; and (3) upon the expiration of his term of office a Commissioner may continue to serve until his successor is appointed and has qualified."

(b) Such first section of such act of January 16, 1883, is further amended by adding at the end thereof the following paragraph:

"In addition to designating a Chairman of the Commission from time to time, pursuant to section 1 of Reorganization Plan No. 5 of 1949, the President shall from time to time designate one of the Commissioners as Vice Chairman of the Commission. During the absence or disability of the Commissioner designated as Chairman, or in the event of a vacancy in the office of such Commissioner, the Commissioner designated as Vice Chairman shall perform those functions of the Chairman which were transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of such Reorganization Plan. During the absence or disability of both the Commissioner designated as Chairman and the Commissioner designated as Vice Chairman, or in the event of vacancies in the offices of both such Com-

missioners, the remaining Commissioner shall perform such functions. During the absence or disability of all three Commissioners, or in the event of vacancies in the offices of all three Commissioners, the Executive Director shall perform such functions; but the Executive Director shall at no time sit as a member or acting member of the Commission."

SEC. 202. (a) This section and section 201 (b) shall take effect on the date of enactment of this act.

(b) Section 201 (a) shall take effect on March 1, 1957.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. (a) The President shall hereafter appoint, by and with the advice and consent of the Senate, a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, a General Counsel of the Department of Health, Education, and Welfare, a General Counsel of the Department of the Army, a General Counsel of the Department of the Navy, and a General Counsel of the Department of the Air Force.

(b) The existing office of Solicitor of the Post Office Department and the existing offices of General Counsel of the Department of Agriculture, the Department of Health, Education, and Welfare, the Department of the Army, the Department of the Navy, and the Department of the Air Force, shall be abolished effective upon the appointment and qualification of the General Counsels of such respective departments provided for by subsection (a) or April 1, 1957, whichever is earlier.

SEC. 302. Section 505 of the Classification Act of 1949, as amended, is amended by striking out "subsections (c), (d), and (e)" in subsection (b) and inserting in lieu thereof "subsections (c), (d), (e), and (f)"; and by adding at the end of such section a new subsection as follows:

"(f) The Director of the Administrative Office of the United States Courts is authorized to place a total of four positions in the Administrative Office of the United States Courts in grade 18 of the General Schedule. Such positions shall be in addition to the number of positions authorized to be placed in such grade by subsection (b)."

SEC. 303. (a) The positions of seven Directors of Commodity Offices, Commodity Stabilization Service, Department of Agriculture, shall be in grade GS-16 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505 (b) of such act.

(b) The positions of three Deputy Administrators of the Agricultural Research Service, Department of Agriculture, shall be in grade GS-18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505 (b) of such act.

SEC. 304. (a) Notwithstanding any other provision of law, order, or regulation, the head of the Bureau of Public Roads in the Department of Commerce shall be a Federal Highway Administrator appointed by the President by and with the advice and consent of the Senate. The Administrator shall receive basic compensation at the rate prescribed by law for Assistant Secretaries of executive departments and shall perform such duties as the Secretary of Commerce may prescribe or as may be required by law.

(b) The term "Commissioner of Public Roads," as used in all laws, orders, and regulations heretofore enacted, issued, or promulgated shall be deemed to mean "Federal Highway Administrator" on and after the date of enactment of this act.

(c) Notwithstanding the provisions of subsection (b) hereof there shall be a Commissioner of Public Roads in the Bureau of Public Roads who shall be appointed by the Secretary of Commerce, and perform such duties as may be prescribed by the Federal Highway Administrator.

SEC. 305. The paragraph under the heading "General Provisions" under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), is amended by striking out "the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service" and inserting "that the cost of fourth-class mail service will not exceed by more than 10 percent the revenues therefrom."

TITLE IV—CIVIL SERVICE RETIREMENT

SEC. 401. The Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:

"Definitions"

"SECTION 1. Wherever used in this act—

"(a) The term 'employee' shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this act applies.

"(b) The term 'Member' shall mean the Vice President, a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico and, except for purposes of section 2, shall mean a Member to whom this act applies.

"(c) The term 'congressional employee' means an employee of the Senate or House of Representatives, or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, a member of the Capitol Police force, an employee of the Vice President if such employee's compensation is disbursed by the Secretary of the Senate, and an employee of a Member if such employee's compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.

"(d) The term 'basic salary' shall not include bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That the term 'basic salary' shall not include military pay for persons who enter upon active military service after the effective date of this act: *And provided further*, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term 'basic salary' shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made thereon as provided in section 4.

"(e) The term 'average salary' shall mean the largest annual rate resulting from averaging, over any period of 5 consecutive years of creditable service, a Member's or an employee's rates of basic salary in effect during such period, with each rate weighted by the time it was in effect.

"(f) The term 'fund' shall mean the civil-service retirement and disability fund created by the act of May 22, 1920.

"(g) The terms 'disabled' and 'disability' shall mean totally disabled for useful and efficient service in the grade or class of position last occupied by the employee or Member by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the 5 years next prior to becoming so disabled.

"(h) The term 'widow,' for purposes of section 10, shall mean the surviving wife of an employee or Member who was married to such individual for at least 2 years immediately preceding his death or is the mother of issue by such marriage.

"(i) The term 'widower,' for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least 2 years immediately preceding her death or is the father of issue by such marriage. The term 'dependent widower,' for purposes of section 10, shall mean a 'widower' who is incapable of self-support by reason of mental or physical disability, and who received more than one-half his support from such employee or Member.

"(j) The term 'child,' for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the Member or employee in a regular parent-child relationship, under the age of 18 years, or such unmarried child regardless of age who because of physical or mental disability incurred before age 18 is incapable of self-support.

"(k) The term 'Government' shall mean the executive, judicial, and legislative branches of the United States Government, including Government-owned or controlled corporations and Gallaudet College, and the municipal government of the District of Columbia.

"(l) The term 'lump-sum credit' shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter compounded annually to December 31, 1956, or, in the case of an employee separated or transferred to a position not within the purview of this act before he has completed 5 years' service or a Member separated before he has completed 5 years of Member service, to the date of the separation or transfer. The lump-sum credit shall not include interest if the service covered thereby aggregates 1 year or less, nor shall it include interest for the fractional part of a month in the total service.

"(m) The term 'Commission' shall mean the United States Civil Service Commission.

"(n) The term 'annuitant' shall mean any former employee or Member who, on the basis of his service, has met all requirements of the act for title to annuity and has filed claim therefor.

"(o) The term 'survivor' shall mean a person who is entitled to annuity under this act based on the service of a deceased employee or Member or of a deceased annuitant.

"(p) The term 'survivor annuitant' shall mean a survivor who has filed claim for annuity.

"(q) The term 'service' shall mean employment which is creditable under section 3.

"(r) The term 'military service' shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States.

"(s) The term 'Member service' shall mean service as a Member and shall include the

period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as a Member.

"Coverage"

"SEC. 2. (a) This act shall apply to each employee and member, except as hereinafter provided.

"(b) This act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.

"(c) This act shall not apply to any Member or to any congressional employee until he gives notice in writing, within 6 months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this act.

"(d) This act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing, within 6 months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this act.

"(e) The Commission may exclude from the operation of this act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent, except that no employee shall be excluded under this subsection after he shall have had more than 12 months' continuous service.

"(f) This act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this act any employees under the office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

"(g) Notwithstanding any other provision of law or any Executive order, this act shall apply to each United States Commissioner whose total compensation for services rendered as United States Commissioner is not less than \$3,000 in each of the last 3 consecutive calendar years (1) ending prior to the effective date of the Civil Service Retirement Act amendments of 1956 or (2) ending prior to the first day of any calendar year which begins after such effective date. For the purposes of this act, the employment and compensation of each such United States Commissioner coming within the purview of this act pursuant to this subsection shall be held and considered to be on a daily basis when actually employed; but nothing in this act shall affect, otherwise than for the purposes of this act, the basis, under applicable law other than this act, on which such United States Commissioner is employed or on which his compensation is determined and paid.

"Creditable service"

"SEC. 3. (a) An employee's service for the purposes of this act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of 3 calendar days.

"(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon

which title to annuity is based; however, if an employee or Member is awarded retired pay on account of military service, the period of service upon which such retired pay is based shall not be included, unless such retired pay is awarded on account of a service-connected disability incurred in line of duty or is awarded under title III of Public Law 810, 80th Congress, except that for purposes of section 9 (c) (1), a Member (1) shall be allowed credit only for periods of military service not exceeding 5 years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (2) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provisions of law. Nothing in this act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

"(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed 6 months in the aggregate in any calendar year.

"(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this act.

"(e) The total service of an employee or Member shall be the full years and 12th parts thereof, excluding from the aggregate the fractional part of a month, if any.

"(f) An employee must have completed at least 5 years of civilian service before he shall be eligible for annuity under this act.

"(g) An employee or Member must have, within the 2-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least 1 year of creditable civilian service during which he was subject to this act before he or his survivors shall be eligible for annuity under this act based on such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

"(h) An employee who (1) has at least 5 years' Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

"(i) In the case of each United States Commissioner who comes within the purview of this act pursuant to section 2 (g) of this act, service rendered prior to, on, or after the effective date of the Civil Service Retirement Act amendments of 1956 as United States Commissioner shall be credited for the purposes of this act on the basis of one three-hundred-and-thirtieth of a year for each day on which such United States Commissioner renders service in such capacity and which is not credited for the purposes of this act for service performed by him in any capacity other than United States Commissioner. Such credit shall not be granted for service rendered as United States Commissioner for more than 313 days in any 1 year.

"Deductions and deposits

"SEC. 4. (a) From and after the first day of the first pay period which begins after

December 31, 1956, there shall be deducted and withheld from each employee's basic salary an amount equal to 7 percent of such basic salary and from each Member's basic salary an amount equal to 8 percent of such basic salary. From and after the first day of the first pay period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or members under this section. Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.

"(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

	Percent- age of basic salary	Service period
Employee-----	2½-----	Aug. 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to June 30, 1948.
	6-----	July 1, 1948, to Dec. 21, 1956.
Member for Member serv- ice.	7-----	After Dec. 31, 1956.
	2½-----	Aug. 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to Aug. 1, 1946.
	6-----	Aug. 2, 1946, to Dec. 31, 1956.
	8-----	After Dec. 31, 1956.

"(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

"(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter compounded annually. Such deposit may be made in one or more installments.

"(f) Under such regulations as may be prescribed by the Commission, amounts de-

ducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

"(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

"Mandatory separation

"SEC. 5. (a) Except as hereinafter provided, an employee who shall have attained the age of 70 years and completed 15 years of service shall be automatically separated from the service. Such separation shall be effective on the last day of the month in which such employee attains the age of 70 years or completes 15 years of service if then beyond such age, and all salary shall cease from that day.

"(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least 60 days in advance thereof: *Provided*, That subsection (a) shall not take effect without the consent of the employee until 60 days after he has been so notified.

(c) The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.

"(d) The automatic separation provisions of this section shall not apply to any person named in any act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, to the Architect of the Capitol or any employee under the office of the Architect of the Capitol, or to any employee in the judicial branch within the classes made subject to the Civil Service Retirement Act of May 29, 1930, as amended, by the act of July 13, 1937.

"(e) In the case of an officer or employee of The Alaska Railroad, Territory of Alaska, or an officer or employee who is a citizen of the United States employed on the Isthmus of Panama by the Panama Canal Company or the Canal Zone Government, the provisions of this section shall apply upon his attaining the age of 62 years and completing 15 years of service on the Isthmus of Panama or in the Territory of Alaska.

"Immediate retirement

"SEC. 6. (a) Any employee who attains the age of 60 years and completes 30 years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(b) Any employee who attains the age of 55 years and completes 30 years of service shall, upon separation from the service prior to attainment of the age of 60 years, be paid a reduced annuity computed as provided in section 9.

"(c) Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of 50 years and completes 20 years of service in the performance of such duties, may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retires from the service, and be paid an annuity computed as provided in section 9 (i). The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee.

"(d) Any employee who completes 25 years of service or who attains the age of 50 years and completes 20 years of service shall upon involuntary separation from the service not by removal for cause on charges of miscon-

duct or delinquency, be paid a reduced annuity computed as provided in section 9.

"(e) Any employee who attains the age of 62 years and completes 5 years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(f) Any member who attains the age of 62 years and completes 5 years of member service, or who attains the age of 60 years and completes 10 years of member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. No member or survivor of a member shall be entitled to receive an annuity under this act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last 5 years of Member service.

"Disability retirement

"Sec. 7. (a) Any employee who completes 5 years of civilian service and who is found by the Commission to have become disabled shall, upon his own application or upon application by his department or agency, be retired on an annuity computed as provided in section 9. Any Member who completes 5 years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

"(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to separation of the employee or Member from the service or within 1 year thereafter. This time limitation may be waived by the Commission for an individual who at the date of separation from service or within 1 year thereafter is mentally incompetent, if the application is filed with the Commission within 1 year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

"(c) Each annuitant retired under this section or under section 6 of the act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of 1 year from the date of such retirement and annually thereafter, until reaching age 60, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(d) If such annuitant, before reaching age 60, recovers from his disability or is restored to an earning capacity fairly comparable to the current rate of compensation of the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) 1 year from the date of the medical examination showing such recovery, or (3) 1 year from the date of determination that he is so restored, whichever is earliest. Earning capacity shall be deemed restored if in each of 2 succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 percent of the current rate of compensation of the position occupied immediately prior to retirement.

"(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provisions of this act.

"(f) No person shall be entitled to receive an annuity under this act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same

period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either act for any part of the same period of time. Neither this provision nor any provision in such act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this act on account of service rendered by him, or deny any concurrent benefit to such person under such act of September 7, 1916, as amended, on account of the death of any other person.

"(g) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

"Deferred retirement

"SEC. 8. (a) Any employee who is separated from the service or transferred to a position not within the purview of this act after completing 5 years of civilian service may be paid an annuity beginning at the age of 62 years computed as provided in section 9.

"(b) Any Member who is separated from the service as a Member after completing 5 years of Member service may be paid an annuity beginning at the age of 62 years, computed as provided in section 9.

"Computation of annuity

"SEC. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring under this act shall be (1) the larger of (A) $1\frac{1}{2}$ percent of the average salary multiplied by so much of the total service as does not exceed 5 years, or (B) 1 percent of the average salary, plus \$25, multiplied by so much of the total service as does not exceed 5 years, plus (2) the larger of (A) 2 percent of the average salary multiplied by so much of the total service as exceeds 5 years, or (B) 1 percent of the average salary, plus \$25, multiplied by so much of the total service as exceeds 5 years: *Provided*, That the annuity shall not exceed 80 percent of the average salary: *Provided further*, That the annuity of an employee retiring under section 7 shall be at least (1) 40 percent of the average salary or (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of 60 years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

"(b) The annuity of a congressional employee retiring under this act shall, if he so elects at the time his annuity commences, be (1) $2\frac{1}{2}$ percent of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of 15 years, plus (2) $1\frac{1}{2}$ percent

of the average salary multiplied by so much of the remainder of his total service as does not exceed 5 years, plus (3) 2 percent of the average salary multiplied by so much of the remainder of his total service as exceeds 5 years: *Provided*, That the annuity shall not exceed 80 percent of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least 5 years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit covering his last 5 years of civilian service, and (3) has served as a congressional employee during the last 11 months of his civilian service: *Provided further*, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 percent of the average salary or (2) the sum obtained under this subsection after increasing his service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of 60 years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(c) The annuity of a Member retiring under this act shall be an amount equal to—

"(1) $2\frac{1}{2}$ percent of the average salary multiplied by the total of his Member and creditable military service;

"(2) $2\frac{1}{2}$ percent of the average salary multiplied by his total years of service, not exceeding 15, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude;

"(3) $1\frac{1}{2}$ percent of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as does not exceed 5 years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude; and

"(4) 2 percent of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1), (2), and (3), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 80 percent of the basic salary that he is receiving at the time of such separation from the service, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 percent of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of 60 years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d), shall be reduced by one-twelfth of 1 percent for each full month not in excess of 60, and one-sixth of 1 percent for each full month in excess of 60, such employee is under the age of 60 years at date of separation.

"(e) The annuity as hereinbefore provided shall be reduced by 10 percent of any deposit described in section 4 (c) remaining unpaid, unless the employee or Member shall elect to eliminate the service involved for purposes of annuity computation.

"(f) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (1). The annuity of the employee or Member making such election, excluding any increase because of retirement under section 7, shall be reduced by $2\frac{1}{2}$ percent of so much of the portion thereof designated

under section 10 (a) (1) as does not exceed \$2,400 and by 10 percent of so much of the portion so designated as exceeds \$2,400.

"(g) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 percent of an annuity computed as provided in section 9 and by 5 percent of an annuity so computed for each full 5 years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 percent.

"(h) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Commission or the Alaska Railroad in the Territory of Alaska between March 12, 1914 and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

"(i) The annuity of an employee retiring under section 6 (c) shall be 2 percent of the average salary multiplied by the total service: *Provided*, That the annuity shall not exceed 80 percent of the average salary.

"Survivor annuities

"Sec. 10. (a) (1) If a Member or employee dies after having retired under any provision of this act and is survived by a wife or husband designated under section 9 (f) such wife or husband shall be paid an annuity equal to 50 percent of so much of an annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9, as may apply with respect to the annuitant, as is designated in writing for such purpose by such Member or employee at the time he makes the election provided for by section 9 (f).

"(2) An annuity computed under this subsection shall begin on the first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

"(b) The annuity of a survivor designated under section 9 (g) shall be 50 percent of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), and (g) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death.

"(c) If an employee dies after completing at least 5 years of civilian service, or a Member dies after completing at least 5 years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 percent of an annuity computed as provided in subsections (a), (b), (c), and (e) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

"(d) If an employee dies after completing 5 years of civilian service or a Member dies after completing 5 years of Member service, or an employee or a Member dies after having retired under any provision of the act, and is survived by a wife or by a husband who is incapable of self-support by reason of mental or physical disability and who received more than one-half of his sup-

port from such employee or Member, each surviving child shall be paid an annuity equal to the smallest of (1) 40 percent of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 percent of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the wife or dependent husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, dependent husband, or child had not survived the employee or Member.

"Lump-sum benefits

"Sec. 11. (a) Any employee who is separated or transferred to a position not within the purview of this act after he has completed 5 but less than 20 years of service, and any Member who is separated after he has completed 5 but less than 20 years of Member service, shall upon application therefor be paid the lump-sum credit. Any employee who is separated or transferred to a position not within the purview of this act before he has completed 5 years' service, and any Member who is separated before he has completed 5 years of Member service, shall be paid the lump-sum credit. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this act, unless and until he shall be reemployed in the service subject to this act.

"(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this act.

"(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death;

"Second, if there be no such beneficiary, to the widow or widower of the employee or Member;

"Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation;

"Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member;

"Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

"(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

"(e) If all annuity rights under this act based on the service of a deceased employee or Member shall terminate before the total

annuity paid equals the lump-sum credit, the difference shall be paid.

"(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

"(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of 30 days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

"Additional annuities

"Sec. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 percent of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unrefunded contributions, plus interest at 3 percent per annum compounded annually to date of separation or transfer to a position not within the purview of this act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death, whichever is earlier.

"(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of 55 years at the date of retirement.

"(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50 percent of his reduced additional annuity. The additional annuity of the employee or Member making such election shall be reduced by 10 percent, and by 5 percent for each full 5 years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 percent.

"(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least 31 days before the commencing date of annuity.

"(e) If any present or former employer or Member not retired dies, the voluntary contribution account shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the difference shall be paid under the provisions of section 11 (c).

Reemployment of annuitants

"SEC. 13. (a) Notwithstanding any other provision of law, an annuitant heretofore or hereafter retired under this act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

"(b) If an annuitant under this act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this act) hereafter become employed in an appointive or elective position subject to this act, annuity payments shall be discontinued during such employment and deductions for the retirement funds shall be withheld from his salary. If such annuitant performs actual fulltime service for a period of at least 1 year, his right to future annuity shall be determined upon the basis of the law in effect at the time of termination of such period of employment and service performed during such period shall be credited for such purpose. If such annuitant does not perform actual fulltime service for a period of at least 1 year, his annuity payments shall be resumed in the same amount and amounts deducted from his salary during such period of employment shall be returned upon the expiration of such period. If an annuitant under this act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this act) hereafter becomes employed in an appointive or elective position not subject to this act, annuity payments shall be discontinued during such reemployment and resumed in the same amount upon termination of such employment.

"(c) If a Member heretofore or hereafter retired under this act hereafter becomes employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: *Provided*, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his service as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity.

Payment of benefits

"SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

"(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age or disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence of the day following the day on which salary shall cease provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an employee or Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

"(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this act occurs.

"(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be

made covering the period during which such waiver was in effect.

"(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who, in the judgment of the Commission, is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person.

Exemption from legal processes

"SEC. 15. (a) None of the moneys mentioned in this act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

"(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there be any withholding of recovery of any moneys mentioned in this act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

Administration

"SEC. 16 (a) This act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect.

"(b) Applications under this act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this act.

"(c) Questions of dependency and disability arising under this act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this act, and may suspend or deny any such annuity for failure to submit to any such examination.

"(d) An appeal to the Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this act, the procedure on appeal to be prescribed by the Commission.

"(e) Fees for examinations made under the provisions of this act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this act.

"(f) The Commission shall publish an annual report upon the operations of this act.

"(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters referred to it by the Commission, and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of 5 years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such members as are in the employ of the United States, shall be fixed by the Commission.

Civil service retirement and disability fund

"SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this act.

"(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

"(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

"(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of 5 years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such obligations shall be multiple of one-eighth of 1 percent nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

Short title

"SEC. 18. This act may be cited as the 'Civil Service Retirement Act'."

Members of faculty of Naval Academy

SEC. 402. (a) On and after the effective date of this title persons employed as members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School shall be included within the terms of the Civil Service Retirement Act, and on and after that date the act of January 16, 1936 (49 Stat. 1092), as amended, shall not apply to such persons.

(b) In lieu of the deposit prescribed by section 4 (c) of the Civil Service Retirement Act, an employee who by virtue of subsection (a) is included within the terms of such

act shall deposit, for service rendered prior to the effective date of this title as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School, a sum equal to so much of the repurchase price of his annuity policy carried as required by the act of January 16, 1936, as amended, as is based on the monthly allotments which were registered with the Navy Allotment Office toward the purchase of that annuity, the deposit to be made within 6 months after the effective date of this title. Should the deposit not be made within that period no credit shall be allowed under the Civil Service Retirement Act for service rendered as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School subsequent to July 31, 1920, and prior to the effective date of this title. If the deposit is made, such service shall be held and considered to be service during which the employee was subject to the Civil Service Retirement Act.

Retroactive application of certain benefits

SEC. 403. The amendment approved September 30, 1949 (Public Law 310, 81st Cong.), to section 4 (b) of the Civil Service Retirement Act of May 29, 1930, as amended, insofar as it relates to the amount of the reduction in the annuities of officers and employees who elect to receive reduced annuities under such section, shall take effect as of April 1, 1948, but no increase in annuity shall be payable by reason of such amendment, to those who retired on or after July 1, 1948, and prior to October 1, 1949, for any period prior to the first day of the first month which begins after the effective date of this title.

Continuation of prior rights

SEC. 404. Except as otherwise provided, the amendments made by this title shall not apply in the case of employees or Members retired or otherwise separated prior to its effective date, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted.

Vice President

SEC. 405. The notice required by section 2 (c) of the Civil Service Retirement Act may be given, by any person holding the office of Vice President on the effective date of this title, at any time within 15 days after such effective date, and in the case of any such person service performed in such office shall be considered service during which he was subject to such act for the purpose of section 3 (g) thereof.

Future salary increases to include increases to annuitants

SEC. 406. It is the policy of the Congress that whenever in the future any general adjustment is made in the salaries of Government employees, corresponding adjustments should be made in the annuities of retired employees.

Forfeiture of annuities of persons remaining outside United States to avoid prosecution

SEC. 407. The act entitled "An act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes," approved September 1, 1954 (68 Stat. 1142), is amended by adding at the end of section 2 thereof a new subsection as follows:

"(c) In any case in which, after the date of enactment of this subsection, any person under indictment for any offense within the purview of the first section of this Act willfully remains outside the United States, its Territories, and possessions, for a period in excess of 1 year with knowledge of such indictment, no annuity or retired pay shall be paid, for any period subsequent to the end of such 1-year period to such person or to the survivor or beneficiary of such person, on the basis of the service of such person, as an officer or employee of the Government un-

less and until a nolle prosequi to the entire indictment is entered upon the record or such person returns and thereafter the indictment is dismissed or after trial by court the accused is found not guilty of the offense or offenses charged in the indictment."

Effective date

SEC. 408. This title shall take effect on January 1, 1957.

Short title

SEC. 409. This title may be cited as the "Civil Service Retirement Act Amendments of 1956."

TITLE V—ADDITIONAL SCIENTIFIC AND PROFESSIONAL POSITIONS

SEC. 501. (a) Subsections (a) and (b) of the first section of the act of August 1, 1947 (61 Stat. 715; Public Law 313, 80th Cong.), as amended, are amended to read as follows: "(a) The Secretary of Defense is authorized to establish and fix the compensation for not more than 275 positions in the Department of Defense and not more than 50 positions in the National Security Agency, each such position being established to effectuate those research and development functions, relating to the national defense, military and naval medicine, and any and all other activities of the Department of Defense and the National Security Agency, as the case may be, which require the services of specially qualified scientific or professional personnel.

"(b) The Chairman of the National Advisory Committee for Aeronautics is authorized to establish and fix the compensation for, in the headquarters and research stations of the National Advisory Committee for Aeronautics, not to exceed 60 positions in the professional and scientific service, each such position being established in order to enable the National Advisory Committee for Aeronautics to secure and retain the services of specially qualified personnel necessary in the discharge of the duty of the Committee to supervise and direct the scientific study of the problems of flight with a view to their practical solution.

"(c) The Secretary of the Interior is authorized to establish and fix the compensation for not to exceed 10 positions of a professional or scientific nature in the Department of the Interior, each such position being established in order to enable the Department of the Interior to effectuate those research and development functions and activities of such Department which require the services of specially qualified professional or scientific personnel.

"(d) The Secretary of Commerce is authorized to establish and fix the compensation for not to exceed 35 positions of a professional or scientific nature in the Department of Commerce, each such position being established in order to enable the Department of Commerce to effectuate those research and development functions and activities of such Department which require the services of specially qualified professional or scientific personnel."

(b) Nothing contained in the amendment made to such act of August 1, 1947, by subsection (a) of this section shall affect any position existing under authority of subsection (a) of the first section of such act of August 1, 1947, as in effect immediately prior to the effective date of such amendment, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is taken under authority of subsection (a) of such first section of such act of August 1, 1947, as contained in the amendment made by subsection (a) of this section.

(c) Subsection (c) of the first section of such act of August 1, 1947, as amended, is hereby redesignated subsection (e) of such first section.

(d) Section 3 of such Act of August 1, 1947, as amended, is amended to read as follows:

"SEC. 3. (a) Each officer, with respect to positions established by him under this act, shall submit to the Congress, not later than February 1 of each year, a report which sets forth—

"(1) the number of such positions so established or in existence during the immediately preceding calendar year,

"(2) the name, rate of compensation, and description of the qualifications of each incumbent of each such position, together with the position title and a statement of the functions, duties, and responsibilities performed by each such incumbent, except that nothing contained in this section shall require the resubmission of information required under this paragraph which has been reported pursuant to this section and which remains unchanged, and

"(3) such other information as he deems appropriate or which may be required by the Congress or a committee thereof.

"(b) In any instance in which any officer so required to submit such report may find full public disclosure of any or all of the above-specified items to be detrimental to the national security such officer is authorized—

"(1) to omit in his annual report those items with respect to which full public disclosure is found by him to be detrimental to the national security,

"(2) to inform the Congress of such omission, and

"(3) at the request of any congressional committee to which such report is referred, to present all information concerning such items."

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I hope the Senator from South Carolina [Mr. JOHNSTON] will make a statement explaining the bill.

Mr. JOHNSTON of South Carolina. Mr. President, H. R. 7619, which passed the House during the closing hours of the first session of the 84th Congress, related only to the pay of certain Federal officials.

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill greatly more comprehensive than the House bill.

Title 1 of the bill increases the rates of pay for the heads of executive departments and other Federal officials.

Title 2 of the bill relates to the organization and management of the Civil Service Commission.

Title 3 of the bill relates to the establishment and classification of a number of positions in the executive departments. Also, title 3 contains a section relating to the affairs of the Post Office Department.

Title 4 of the bill relates to civil-service retirement.

Title 5 authorizes the establishment of additional scientific positions in several departments of the Government.

Mr. President, title 1 of the bill establishes a new pay structure for top officials of the Government. The new structure provides \$25,000 for Cabinet positions; \$22,500 for a small number of officials outside the Cabinet who, nevertheless, participate in Cabinet meetings or have other unusual responsibility; \$22,000 for the Secretaries of the armed services; \$21,000 for Under Secretaries and comparable positions; \$20,500 for the chairmen of boards and commissions and positions of comparable responsibility; \$20,000 for members of boards and commissions and for Assistant Secretaries; \$19,000 for two groups of commissioners—Indian Claims Commissioners and Commissioners of the United States Court of Claims—who are of a semijudicial nature; \$15,000 may be paid to representatives and alternates to UNESCO.

The rates of pay of grades 17 and 18 of the Classification Act are adjusted to conform with the general pay pattern.

The rates of pay of the three highest grades of the Postal Field Service are similarly adjusted.

The salaries of the top medical men of the Veterans' Administration are raised.

The ceiling is raised on salaries which may be paid to a limited number of scientific personnel engaged in research and development activities.

This title of the bill also provides for the adjustment in the pay of isolated positions here and there in the Federal service.

Mr. President, title 2 of the bill, which relates to the organization of the Civil Service Commission, provides—

First, that the term of each Civil Service Commissioner shall be 6 years, except that the terms of the present three Commissioners shall be 2, 4, and 6 years, respectively, in order to establish the tenure of the Commissioners on a proper rotation basis.

Secondly, it is provided that the President shall, from time to time, designate a Chairman and Vice Chairman of the Commission, who shall, in order, be responsible for the administration and function of the Civil Service Commission. In the absence of both the Chairman and Vice Chairman, the third Commissioner would become the responsible head of the Commission. On rare occasion, when all three Commissioners might be absent, the Executive Director would be the responsible head of the Commission.

At present, the Executive Director is responsible for the operation of the Commission. In the absence of the Executive Director, the Assistant takes over, and in his absence, the Second Assistant, and so forth.

This is not a good situation. The Commissioners do not now possess the responsibility that they should have in order to do an effective job. The bill provides that the redelegation of responsibility to the Commissioners shall take effect on the date of enactment of the bill.

Mr. PASTORE. Mr. President, will the Senator yield for an observation?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. I must leave the floor, and before doing so I wish to say to the Members of the Senate that it was a privilege for me to serve with the Senator from South Carolina and with the ranking member of the committee, the Senator from Kansas [Mr. CARLSON] and with every member of the committee. The subject under consideration by the Senate received thorough study by the subcommittee. The conclusions arrived at were not quickly or easily reached, but only after a very analytical and exhaustive, and extensive, and thorough study of all the phases of the subject.

I wish to take occasion to congratulate the chairman and every member of the subcommittee for the fine work they did on the pending bill, as well as to congratulate the members of the staff of the committee.

The pay increases provided in the bill are sorely needed. I believe they reflect the prestige of the important positions in the Government service. The bill will do much to keep up and raise the morale of our Government employees in the higher echelon.

A short time ago we did something for the benefit of the rank and file Government employees. Today we are doing something for officials in the upper echelon, who have been neglected for a long time—perhaps for too long a time.

Again I wish to say that the Senate ought to be appreciative of the fine work which was done by the distinguished chairman of the committee. I hope the Senate will show its appreciation by voting favorably on the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I thank the junior Senator from Rhode Island, and I wish to add one thing to what he has said. It is that as a member of the full committee he worked a great deal with us on the subcommittee. His help was very beneficial to us in arriving at our final conclusions, which are contained in the pending bill. I wish to thank him for his patience and his attention to the subject.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KNOWLAND. I should like to have additional information, because, frankly, I have not come to any final conclusion on the provisions of the bill which relate to the Civil Service Commission. For the benefit of the legislative record I should like to ask the distinguished chairman of the committee whether, in regard to the particular section which has been added, any testimony was taken before the committee.

Mr. JOHNSTON of South Carolina. I will say to the Senator from California that the committee had been making a study of that subject for the past 2 years, as the ranking minority member of the committee will bear me out. Likewise, a very thorough study was made by the House committee. I might say that the Senate appropriated additional money to our committee for the purpose of making that study.

Mr. KNOWLAND. I should like to ask the Senator another question, and I ask it without any partisanship at all, because the situation I am about to de-

scribe would apply whether the administration was Republican or Democratic.

I suppose the thought behind the enactment of the present law was that, since the Executive is charged with the administration of the executive branch of the Government, he should be free to appoint the members of the Civil Service Commission and to remove them at his pleasure. I wonder whether the distinguished chairman could discuss that subject.

Mr. JOHNSTON of South Carolina. I should like to say to the Senator from California that that provision has not been changed; the President still has the right to make the appointments. I shall be glad to go into that a little later.

Mr. KNOWLAND. Will the Senator go into it for the benefit of the RECORD? I should like to have him develop the difference between the law as it now stands and what the law would be under the proposed amendment which the committee is offering, which would provide for a staggered term arrangement. In a good many commissions of a supervisory or semijudicial nature, that system works well. Inasmuch as the committee proposes to make a basic change in what has been the law under both Democratic and Republican administrations, I hope the Senator will explain that feature of the bill.

Mr. JOHNSTON of South Carolina. I shall be glad to do so a little later. I shall go into it more fully.

Mr. President, title 3 of the bill contains a number of miscellaneous provisions primarily related to the establishment and classification for pay purposes of isolated positions here and there in the Federal service.

Under present law, the general counsels of 7 of the 10 executive departments are appointed by the President by and with the advice and consent of the Senate. The bill provides that the other three general counsels be appointed in the same manner. The three departments are: Post Office Department, Agriculture Department, and Department of Health, Education, and Welfare.

Additionally, the bill provides that the general counsels in the Departments of the Army, Navy, and Air Force be made by the President by and with the advice and consent of the Senate.

The bill authorizes the allocation of the four existing positions in the administrative office of the United States courts to grade 18.

The bill authorizes the allocation of the seven existing positions of Director, Commodity Offices, Commodity Stabilization Service, Department of Agriculture, to grade 16.

The bill authorizes the allocation of three existing positions in the Agriculture Research Service, Department of Agriculture, to grade 18.

The bill authorizes the creation of a new position in the Department of Commerce to head up the new public roads program. The title of the position is that of Federal Highway Administrator.

Also in title 4 of the bill is a provision relating to the postal service.

Section 305 of the bill contains a provision recently approved in the Senate, which appeared in S. 1292. It provides

that the difference between fourth-class mail income and estimated fourth-class mail cost can be as much as 10 percent before the Postmaster General is required to request changes in parcel-post rates before the Interstate Commerce Commission.

This provision provides the Postmaster General with a little leeway in the matter. It avoids the necessity of his going to the Interstate Commerce Commission every time there is an adjustment in pay or other legislative action which has an effect on expense in the Post Office Department.

Mr. President, title 4 of the bill embodies S. 2875, the retirement bill which was approved in the Senate on May 23, 1956.

Title 4 is the same as S. 2875 with a few minor modifications. I am confident the modifications will be found to be completely acceptable not only to the Members of the Senate, but also to the administration.

Furthermore, I am in a position to state that they will be acceptable to the rank and file of our loyal, hardworking, and devoted Federal employees, who have such a vital interest in the matter.

Briefly, the modifications made by this bill in S. 2875 are as follows:

First, S. 2875 would have permitted optional retirement at any age upon completion of 30 years or service.

This bill restores the provision of present law which requires that the employee must have attained the age of 55 before he can so retire.

Secondly, S. 2875 provided automatic survivorship benefits without penalty of one-half of the first \$2,400 of the retiring employee's earned annuity.

The bill, as amended, reinstates the provision of present law which requires that an employee elect survivorship benefits, and it reestablishes a penalty when such an election is made.

Under present law the penalty is 5 percent on the first \$1,500 of the employee's earned annuity, and 10 percent on any amount in excess thereof.

Under the bill, as amended, the penalty is 2½ percent of the first \$2,400 of the employee's earned annuity, and 10 percent on any amount in excess thereof.

Third—and closely related to the above provision—under present law when an employee elects survivorship benefits, he must do so on the full amount of his earned annuity.

The bill, as amended, permits an employee to designate the portion of his earned annuity he desires used for such a purpose. For example, if an employee should retire with an earned annuity of \$2,500, his situation might be such that in the event of his death \$900 would be adequate income for his surviving widow.

Accordingly, he would set aside the first \$1,800 of his annuity for survivorship purposes, and he would be penalized 2½ percent on only the \$1,800. He would take no penalty on the amount in excess thereof, and his widow would receive no benefit therefrom.

Mr. President, these constitute the principal changes in S. 2875 made by the bill. In total, they reduce the estimated

cost of S. 2875 by well over \$100 million a year. They go far toward meeting every objection to the bill voiced by the administration. Yet they in no way emasculate the worthy and desirable features of the bill.

Mr. President, title 5 provides for the establishment of additional scientific positions in the Department of Defense, the National Security Agency, the National Advisory Committee for Aeronautics, the Department of the Interior, and in the Department of Commerce. The establishment of these positions was approved by the House. The House enacted H. R. 11040 b for this purpose.

It was clearly established in the public hearings held in the House and in the Senate on this bill that these positions are necessary for the defense of this Nation, for progress in the field of medicine, science, and in the interest of our national welfare.

Mr. President, H. R. 7619 was unanimously approved by the Post Office and Civil Service Committee. This was done after consideration of its various component parts by several subcommittees. Public hearings were held on most of its provisions.

All of its provisions have been thoroughly considered over a long period of time. It is a needed bill, it is a good bill, and it should be enacted into law without material change.

Mr. President, if the Senator from California will listen, I wish to give the information requested.

The Post Office and Civil Service Committee of the House of Representatives, after a survey and study extending over a period of 4 years, recommended that the term of office of the Civil Service Commissioners be placed on a staggered basis, with a fixed term of 6 years. Reference is made to pages 4, 5, 52 and 53 of the attached House Report No. 1844, 84th Congress.

The Civil Service Commission is the only major permanent operating Commission or Board of the Federal Government in which the members do not have fixed terms of office. Attached is a tabulation of the Boards and Commissions showing the number of members and terms of office, the provision for designation of the Chairman and Deputy Chairman, and the legislative authority under which they were constituted.

Due to the very purpose and nature of the Civil Service Commission, its activities and policies must at all time be held above partisan political consideration and they must be exempt from pressure insofar as is possible. This pressure may be political; it may be from Members of Congress, from other Government officials, from employee groups, from business interests, or from various other sources. The organization of the Civil Service Commission as it is now constituted lends itself to pressure from all sources.

It will be noted from the attached table that the Commission is also the only major Commission or Board of the Federal Government where a line of succession to the chairmanship is to a civil service employee and not to another member. Under the present organiza-

tion of the Commission, the line of succession to the Chairman extends from the Chairman to the Executive Director and from him down to the lowest messenger. The other two Commissioners, appointees of the President and confirmed by the Senate, can succeed only to the chairmanship after the lowest and last employee of the Civil Service Commission is absent, probably gone to the ballgame.

The charge has been made that the provisions of title II would disturb the operations and activities of the Civil Service Commission. It has also been stated that its present organization is based on the recommendations of the Hoover Commission. This charge is unsupported.

The provisions of title II would in no way disturb either the organization of the Civil Service Commission as recommended by the Hoover Commission or its operations and other activities. On the contrary, they will greatly strengthen the management of the Commission and the effectiveness of its programs, with the benefits extending throughout the entire Government, by providing for continuity of top-level leadership of the Commission on a sound and permanent basis.

The provisions of title II do not disturb the present law which make the Commissioners subject to removal at the pleasure of the President.

The present Commissioners can also remain in office, at the will of the President, without reconfirmation by the Senate. The President will designate one Commissioner for each of the 2-, 4-, and 6-year starting terms of office.

The two Commissioners, other than the Chairman under present organization, have no recognition either in the management or operations of the Commission and very little in the establishment of policy and relationships to the Congress and other departments of Government. If this condition is to continue to exist, we might as well abolish the 3-member Commission and establish a 1-member system for the entire operations of the merit system of the Federal Government.

I ask unanimous consent to have printed at this point part of the report of House Civil Service Committee above referred to.

There being no objection, the report is as follows:

THE COMMISSION

Present organization of the Commission: Existing law provides for 3 Civil Service Commissioners, not more than 2 of whom may be of the same political party. The Chairman of the Commission and the other 2 members are appointed by the President, by and with the advice and consent of the Senate. Generally, upon change in administration an entirely new Commission is appointed.

In 1953 the Chairman of the Civil Service Commission was assigned the additional responsibility of the newly created position of Personnel Adviser to the President. The present incumbent of the chair has served in the dual capacity of Chairman of the Civil Service Commission and Personnel Adviser to the President for most of his term of office.

The division of responsibility of the Civil Service Commission between the Chairman

and the full Commission under Reorganization Plan No. 5 of 1949, in practice has not materially reduced the responsibility of the Chairman. A large measure of responsibility for management of the Civil Service Commission has been delegated to the Executive Director of the Commission, particularly since the beginning of the dual role of the Chairman. The two members of the Commission exercise little or no management control. As noted elsewhere in this report, in the absence of the Chairman the Executive Director is the operating head of the Commission.

Chairman of the Civil Service Commission and Personnel Adviser to the President: The present dual office of Personnel Adviser to the President and Chairman of the Civil Service Commission in some respects has operated as a deterrent to the effective discharge of the full responsibility of the Commission. In the judgment of the committee the disadvantages of the dual role far outweigh the advantages. Occupancy of these 2 high offices by 1 individual at the same time may subject him to pressures and special concerns of individual administrative officials. Time and effort urgently needed in the direction of the affairs of the Civil Service Commission undoubtedly tend to be diverted to extraneous matters which at best are only indirectly related to the mission of this important agency. The chairmanship of the Civil Service Commission is a full-time job which requires the undivided attention of the incumbent—just as the management of other agencies requires the attention of the titular heads thereof. See recommendation (2), page 53.

Commission meetings: The Civil Service Commissioners held 26 formal meetings during the calendar year 1955, and a number of other, informal, meetings to take up special problems, such as budget estimates, as they arose. There is no firm policy of holding meetings on a specific day each week, although it was stated that generally there was an effort to set aside each Wednesday for a meeting of the Commissioners.

The bulk of the work requiring Commission attention is handled individually by the Commissioners by referring staff files from one Commissioner to another for notation and decision. The formal minutes of the Commission are made up not only from the formal meetings but from decisions as indicated on these files that are referred to the individual Commissioners without any formal meeting. In practice, the schedule of meetings is worked out by the Executive Secretary to the Commission, who endeavors to arrange the meetings on Wednesdays. This has been the custom in the Commission for a good many years past. However, because of other appointments and obligations, it is frequently necessary to select another time for a Commission meeting.

In the judgment of the committee, at least one regular, formal weekly meeting of the Civil Service Commission would contribute materially to improvement in the management and operations of the Commission. See recommendation (2), page 53.

RECOMMENDATIONS

(d) Continue the present requirement that not more than two Civil Service Commissioners be of the same political party and that the Chairman and members of the Commission be appointed by the President with the advice and consent of the Senate.

Consideration also should be given to the inclusion in such legislation, among other matters, of provisions to—

(a) Achieve for the Civil Service Commission greater independence of action, continuity of top management, and freedom from outside influence or domination through the establishment of 6-year, over-

lapping terms of office for Civil Service Commissioners, such terms to be placed in effect on a staggered basis, beginning with the first day of a specific calendar year, by the appointment of (i) one Commissioner to a term expiring at the end of 2 years, (ii) one Commissioner to a term expiring at the end of 4 years, and (iii) one Commissioner to a term expiring at the end of 6 years—the term of any Commissioner appointed thereafter to expire at the end of a 6-year period, or multiple thereof, after the prescribed expiration date of one of the original terms;

(b) Require that at least one Civil Service Commissioner have served 5 or more years in the classified civil service;

(c) Establish a firm line of succession for the office of Chairman of the Civil Service Commission whereunder (i) in the absence of the Chairman the other majority Commissioner shall act as Chairman, (ii) in the absence of the Chairman and the other majority Commissioner the minority Commissioner shall act as Chairman, and (iii) in the absence of the Chairman and both other Commissioners the Executive Director shall act as Chairman;

(d) Spell out in affirmative language that the decisions and determinations of the Civil Service Commission authorized by law or order are final and conclusive on the executive agencies and enforceable by legal proceedings in any instance in which the Commissioners, by a majority vote, shall determine and certify that such action is necessary in the public interest; and

(e) Authorize the Civil Service Commission (i) to require an explanation of reasons for any failure to make an appointment from a certificate or list of eligibles furnished by the Commission at the request of an appointing authority and (ii) if, in the judgment of the Commission, the facts warrant to direct abolishment of any position (A) for which a certificate or list of eligibles has been furnished upon request and to which no appointment has been made from such certificate or list (or by promotion or transfer) within such time as the Commission may prescribe or (B) for which two or more certificates or lists of eligibles have been furnished upon request and to which no appointment has been made from any such certificate or list or by promotion or transfer.

(2) THE COMMISSION

(a) The office of Chairman of the Civil Service Commission is a full-time job and should comprise no special duties and responsibilities, as personnel adviser to the President or otherwise, which are above and beyond those normally found in the relationship of the head of an independent agency to the Chief Executive.

(b) The Civil Service Commission should establish a firm policy of holding formal meetings at least once each week to consider and determine matters of policy and problems requiring the attention of the Commissioners.

(c) Greater emphasis should be placed upon the staff and advisory capacity of the Commission in its dealings with other agencies.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. First, I have some perfecting amendments which I send to the desk.

Mr. DOUGLAS. Mr. President, before the Senator from South Carolina yields the floor, I should like to ask him a few questions.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. Mr. President, I have here a copy of a letter written by the Chairman of the Civil Service Commission to Representative MURRAY, chairman of the Committee on Post Office and Civil Service of the House of Representatives. I ask unanimous consent that the letter may be made a part of the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., July 3, 1956.
The Honorable TOM MURRAY,
Chairman, Committee on Post Office and Civil Service, House of Representatives,
United States Congress.

DEAR MR. MURRAY: This is in reply to your letters of March 19 and March 22, 1956, requesting the Commission's views on H. R. 9998 and H. R. 10041, identical bills "To amend the first section of the Civil Service Act of January 16, 1883, as amended, so as to provide for 6-year terms of office for members of the Civil Service Commission, and for other purposes."

These bills would provide for fixed overlapping terms of office for Civil Service Commissioners and establish a different line of succession for the office of chairman.

The Commission is opposed to the enactment of these bills.

The present organization is working very well. It is based on a recommendation made in 1949 by the Commission on Organization of the Executive Branch (the first Hoover Commission). In our opinion, our organization is effective and logical and has provided a satisfactory framework for the exercise of the Commission's responsibilities.

In reviewing the entire matter, we have come to the conclusion that the method of appointment of Commissioners should not be changed. Commissioners should continue to serve at the pleasure of the President without having fixed terms of office established by law. In addition, we believe that the separation of operations from policy and appellate functions should be continued. This logically calls for the Executive Director's acting in the absence of the Chairman of the Commission for purposes of continuity of operations. Since the time of the other two Commissioners is spent on policy and appellate functions, they cannot be expected to be familiar with day-to-day operations.

Reorganization Plan No. 5 has worked too well to date to discard it without further trial. In the course of this further trial, responsible executive branch officials will give continuous thought to any needed changes in the Commission's structure and functions.

The Bureau of the Budget has advised us that there is no objection to the submission of this report to your committee, and that enactment of this legislation would not be in accord with the President's program.

By direction of the Commission.

Sincerely yours,

PHILIP YOUNG,
Chairman.

Mr. JOHNSTON of South Carolina. Does the Senator from Georgia wish to ask me a question?

Mr. RUSSELL. Mr. President, I desire to obtain the floor in order to present amendments to the bill. If the Senator from Illinois [Mr. DOUGLAS] wishes to interrogate the Senator in reference to something which has already been covered, I shall be glad to wait.

The PRESIDING OFFICER. The amendments offered by the Senator from South Carolina [Mr. JOHNSTON] will be stated.

The LEGISLATIVE CLERK. In the amendment of the committee, on page 24, line 5, it is proposed to strike out:

(32) Deputy Director, Central Intelligence Agency.

On pages 24 and 25, renumbered paragraphs (33) to (54) as (32) to (53), respectively.

On page 25, line 5, after "executive" insert "or military."

On page 27, lines 13 and 14, strike out:

(17) Commissioner, United States Court of Claims (12).

On page 27, renumber paragraphs (18) to (23) as (17) to (22), respectively.

On page 32, line 4, strike out "\$12,000" and insert "\$12,500."

On page 71, line 22, insert before the period a colon and add "Provided further, That this subsection shall not apply to a Member appointed by the President of the United States to a position not requiring confirmation by the Senate."

On page 44, before the semicolon in line 7, insert the following: "or to construction employees or any other temporary, part time, or intermittent employees of the Tennessee Valley Authority."

The PRESIDING OFFICER. If there is no objection, the amendments offered by the Senator from South Carolina will be considered en bloc.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. I understand these are the amendments that have been discussed; is that a fact?

Mr. JOHNSTON of South Carolina. We did discuss them.

Mr. MONRONEY. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MONRONEY. These amendments do not include the civil-service retirement portion of the bill, do they?

Mr. JOHNSTON of South Carolina. No. These are merely technical amendments.

Mr. DOUGLAS. Mr. President, will the Senator from South Carolina yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Am I correct in my understanding that under this bill the members of the Cabinet are to receive salaries of \$25,000 a year?

Mr. JOHNSTON of South Carolina. That is correct. The House provided for that in its bill, and we have it in our bill. The salary is now \$22,500.

Mr. DOUGLAS. The Under Secretary of State and the Deputy Secretary of Defense are to receive salaries of \$22,500, is that correct?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. And the Secretaries of the Army, Navy, and Air Force are to receive salaries of \$22,000?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. There are several Under Secretaries referred to on page 20

of the bill, such as the Under Secretary of the Interior, the Under Secretary of Agriculture, the Under Secretary of Commerce for Transportation, the Under Secretary of Commerce, the Under Secretary of Labor, the Under Secretary of Health, Education, and Welfare, who are to receive salaries of \$21,000.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. And are there not a number of Deputy Under Secretaries included in the bill? Does not every Under Secretary have one or more deputies?

Mr. JOHNSTON of South Carolina. Perhaps.

Mr. DOUGLAS. Will they not receive increases?

Mr. JOHNSTON of South Carolina. Perhaps.

Mr. DOUGLAS. Are two new grades put in, 17 and 18?

Mr. JOHNSTON of South Carolina. No.

Mr. DOUGLAS. Are the numbers in grades 17 and 18 increased?

Mr. JOHNSTON of South Carolina. In some instances.

Mr. DOUGLAS. So, the deputies will probably be placed in grade 17 or grade 18. There are deputy secretaries and undersecretaries in virtually every department of Government. Then there are deputies to the deputies, or deputies to the undersecretaries. They will probably be in grades 17 and 18, will they not?

Mr. JOHNSTON of South Carolina. They will remain in whatever grade classification they may be in at the present time.

We have made some few increases in the bill with reference to grades 17 and 18.

Mr. DOUGLAS. The bill probably would upgrade grade 18 persons. In other words, the deputies to the deputies and the deputies to the under secretaries are not forgotten?

Mr. JOHNSTON of South Carolina. No.

Mr. DOUGLAS. That is very reassuring to these functionaries. I notice that on page 23 a number of assistant secretaries are also given increases.

Mr. JOHNSTON of South Carolina. To make that clear, everyone in grade 18 is increased from \$14,800 to \$16,000, under the bill.

Mr. DOUGLAS. That will be good for them, if not for the taxpayers.

On page 23, under "assistant secretaries," I find 5 Assistant Postmasters General, 3 Assistant Secretaries of Agriculture, 3 Assistant Secretaries of Commerce, 9 Assistant Secretaries of Defense, 2 Assistant Secretaries of Health, Education, and Welfare, 3 Assistant Secretaries of the Interior, 3 Assistant Secretaries of Labor, 10 Assistant Secretaries of State, 3 Assistant Secretaries of the Treasury, 4 Assistant Secretaries of the Air Force, 4 Assistant Secretaries of the Army, 4 Assistant Secretaries of the Navy.

If my arithmetic is correct, that is a total of 53 assistant secretaries whose pay is to be increased to \$20,000.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. If every one of the 53 assistant secretaries has a deputy as-

sistant secretary, what will happen to the 53 deputy assistant secretaries?

Mr. JOHNSTON of South Carolina. Their salaries will not be changed unless they are already in grade 18. If they are already in grade 18, their pay will be increased from \$14,800 to \$16,000.

Mr. DOUGLAS. Is it not probable that almost all the deputies to assistant secretaries are in grade 18 now?

Mr. JOHNSTON of South Carolina. There are only 176 in the entire Government.

Mr. DOUGLAS. Could we have a breakdown of the number of deputies to the assistant secretaries and the deputies to the under secretaries?

Mr. JOHNSTON of South Carolina. For the information of the Senator from Illinois, in grades 17 and 18 there are only 178 officials in the entire Government.

Mr. DOUGLAS. Does the Senator mean that there are not more than 178 deputies to under secretaries or deputies to assistant secretaries? That is reassuring. I thought the number probably ran into many hundreds.

Can the Senator from South Carolina inform us how many more under secretaries, deputy secretaries, assistant secretaries, deputy under secretaries, and deputy assistant secretaries there are now than there were 3½ years ago?

Mr. JOHNSTON of South Carolina. The committee did not go into that in this classification.

Mr. DOUGLAS. I think that would be an extremely important answer to have.

Mr. JOHNSTON of South Carolina. Their salaries will not be touched at all.

Mr. DOUGLAS. But large increases are being handed down?

Mr. JOHNSTON of South Carolina. Not in the bill. There are 662 only.

Mr. DOUGLAS. The salaries of the deputy secretaries go up; the salaries of the under secretaries go up; the salaries of the assistant secretaries go up; the salaries of deputy under secretaries who are in grade 18 go up; and the salaries of deputies to assistant secretaries who are in grade 18 go up.

My question is how many more deputy secretaries, under secretaries, assistant secretaries, deputies to under secretaries, deputies to deputy under secretaries, and deputies to assistant secretaries are there now than there were 3½ years ago? We have been proliferating officialdom, to use a large word, all around. One cannot go downtown without bumping into a deputy; and he does not wear a sheriff's badge, either.

Mr. JOHNSTON of South Carolina. I should imagine their number has increased; and my rough guess would be that their number has about doubled.

Mr. DOUGLAS. I believe the Department of Defense used to have nine civilians in the top positions. Now there are 32 secretaries, under secretaries, assistant secretaries, deputies to deputies, and deputies to assistant secretaries. Perhaps I have missed some of them.

Mr. JOHNSTON of South Carolina. I agree with the Senator from Illinois to a very large extent; but the committee did not go into that question in this bill.

Mr. DOUGLAS. But the positions have been created by this administra-

tion under their efficiency program to reduce the number of governmental employees. Does not the Senator think it would be a good subject for the Committee on Governmental Expenditures to look into? Would it not be well for that committee to ascertain the number of assistant secretaries, assistants to assistant secretaries, deputies to assistants, and deputies to deputies the Government now has on its rolls?

Mr. JOHNSTON of South Carolina. For the information of the Senator from Illinois, the committee has not made a study of that question up until this time, but we intend to make such a study.

Mr. DOUGLAS. I think it would be very helpful.

Mr. RUSSELL. Mr. President, I have an amendment in the nature of a substitute for Title V of the proposed legislation. Title V of the bill as reported by the committee has in essence the same provisions as H. R. 11040, which has passed the House. It provides for the creation of some 275 additional professional grades in the highest pay brackets. Most of them are within the Department of Defense.

I have made some study of this question, and, in my opinion, Congress would not be justified in creating that many positions in that high category at this time. I am therefore offering an amendment as a substitute for title V of the committee amendment.

The PRESIDING OFFICER (Mr. LAIRD in the chair). Does the Senator desire to have the amendment read in full?

Mr. RUSSELL. It is agreeable to me to have the amendment printed in the RECORD, rather than have it read.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

Mr. RUSSELL's amendment to the committee amendment is as follows:

On page 81, beginning in line 19, strike out down to and including line 10 on page 85, and in lieu thereof insert the following:

"SEC. 501. (a) Subsections (a) and (b) of the first section of the act of August 1, 1947 (61 Stat. 715; Public Law 313, 80th Cong.), as amended, are amended to read as follows:

"(a) The Secretary of Defense is authorized to establish and fix the compensation for not more than 120 positions in the Department of Defense and not more than 25 positions in the National Security Agency, each such position being established to effectuate those research and development functions, relating to the national defense, military and naval medicine, and any and all other activities of the Department of Defense and the National Security Agency, as the case may be, which require the services of specially qualified scientific or professional personnel.

"(b) The Chairman of the National Advisory Committee for Aeronautics is authorized to establish and fix the compensation for, in the headquarters and research stations of the National Advisory Committee for Aeronautics, not to exceed 20 positions in the professional and scientific service, each such position being established in order to enable the National Advisory Committee for Aeronautics to secure and retain the services of specially qualified personnel necessary in the discharge of the duty of the Committee to supervise and direct the scientific study of the problems of flight with a view to their practical solution."

"(b) Nothing contained in the amendment made to such act of August 1, 1947, by subsection (a) of this section shall affect any position existing under authority of subsection (a) of the first section of such act of August 1, 1947, as in effect immediately prior to the effective date of such amendment, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is taken under authority of subsection (a) of such first section of such act of August 1, 1947, as contained in the amendment made by subsection (a) of this section.

"SEC. —. Section 505 (b) of the Classification Act of 1949, as amended (69 Stat. 179; 5 U. S. C., sec. 1105), is amended to read as follows:

"(b) Subject to subsection (c), (d), and (e) of this section, a majority of the Civil Service Commissioners are authorized to establish and, from time to time, revise the maximum number of positions (not to exceed 1,215) which may be in grades 16, 17, and 18 of the General Schedule at any one time, except that under such authority such maximum number of positions shall not exceed 329 for grade 17 and 126 for grade 18. The United States Civil Service Commission shall report annually to the Congress the total number of positions established under this subsection for grades 16, 17, and 18 of the General Schedule and the total number of positions so established for each such grade."

Mr. RUSSELL. Mr. President, I shall describe very briefly what the proposed substitute will do. In the Department of Defense at the present time 45 of these professional positions are authorized. The committee proposal allows 180 additional positions. The amendment which I propose allows 75 additional positions.

The National Security Agency, Mr. President, which is one of the most important agencies of our Government, although it is not referred to very often, and I think this is the first time it has ever appeared in any bill which has come before the Congress—the Agency was created by Executive order—does not at the present time have any of these scientific and professional positions in the higher grades. The Agency had requested 50 positions. My suggested amendment proposes 25 additional positions.

The reason the amendment provides a higher percentage of such positions for that Agency than it does for some of the other agencies is the peculiar nature of the work which is done by the National Security Agency. The work is of such a nature that when a man leaves the Agency, the training he has received in the Government does not in any way help him obtain a position in private employment.

The National Advisory Committee for Aeronautics at the present time has 10 such positions, and it has requested 50 positions. That is provided in the committee amendment. The amendment which I propose doubles the number the Advisory Committee has at the present time, and allows it 10 additional professional positions. The Advisory Committee proposes to promote 10 persons presently employed by them, and, thereafter fill the 10 positions in the lower grades by employing new personnel.

The committee proposes to give to the Department of Commerce 35 additional scientific positions. I have discussed this matter with the Secretary of Commerce. Of course, he would like to get the 35 professional positions, but he has stated to me, within the hour, that his greatest need is in the so-called supergrades, GS-16, 17, and 18; that he needs the positions in those categories to assist him in the administration of the tremendous highway program which was recently adopted by the Congress. The amendment I have proposed allows 15 positions in the higher grades, or the supergrades, to the Department of Commerce.

The essential difference between the provisions of H. R. 11040, as found in title V, and the substitute I propose is that the number of high-grade positions is reduced from 275 to 145.

I may say, with respect to these scientific grades, it is very difficult to recruit personnel for those grades all at one time.

I do not think my amendment would injure any of these agencies in the slightest degree. The next Congress can examine into the needs of the agencies and ascertain whether it is necessary to create this large number of scientific and professional positions.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. SALTONSTALL. I should like to add a word to what the Senator from Georgia has said about the amendment. I know the departments would like to have more of the high-grade positions, but representatives of the Defense Department have discussed the matter with the Senator from Georgia and with me. While they would like to have more of the high-grade positions, I believe the amendment of the Senator from Georgia will be very helpful to the Department of Defense as well as the Department of Commerce. The Secretary of Commerce has also talked to me.

I hope the amendment of the Senator from Georgia will be accepted by the committee.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to say that the House bill is before the Senate. Hearings were held on the House bill. A question was raised as to how many of the high-grade positions should be created. For that reason, I informed those concerned that I thought we ought to take the matter up with the Committee on Armed Services, and especially with the chairman of the committee.

Mr. RUSSELL. I appreciate that.

Mr. JOHNSTON of South Carolina. The Senator suggested that the proposals be put in the bill. Then when it reached the floor he would offer his amendment clarifying the matter, as he thought it ought to be.

So far as I am concerned, and I think the committee felt that way about it at the time, I shall be glad to accept the amendment.

Mr. CARLSON. Mr. President, reserving the right to object—and I shall not object—before the amendment is accepted I should like to make a statement.

It is understood that Senator RUSSELL would propose to amend title V of H. R. 7619 to reduce the numbers of scientific and professional positions proposed by the act. Title V would increase the number of scientific and professional positions now authorized for certain departments and agencies engaged in scientific research and development. While this title reads as though the heads of the departments and agencies concerned have a wide open authority to establish positions and rates of pay under it, this is not the case nor would it be appropriate. The situation with regard to the control of positions under this title is as follows:

While the positions authorized to be established under the title are for the use of the specific agencies named, before they can be established and appointments made to them the department or agency must have the approval of the Civil Service Commission of the rate of pay which it proposes for each position and of the qualifications of each individual which it proposes to appoint to such positions. In fact the control of pay fixing and appointment is tighter in the case of these positions than is the case when positions are established under the Classification Act. Title V does not authorize any increase in the number of so-called supergrade positions under the Classification Act. It deals solely with scientific and professional positions for which the Congress initially authorized limited numbers of such positions in Public Law 313 on August 1, 1947. Authorization of the additional positions provided in title V is essential to the scientific research and development work conducted by the Federal Government if our Government is to keep abreast and ahead of the demands made on it in this field.

The bulk of the positions covered by title V are in three critical areas:

The Department of Defense for the use of the Army and Navy, and Air Force in their scientific and professional research and development programs in a variety of fields ranging from guided missiles to the field of medicine.

The National Security Agency.

The National Advisory Committee for Aeronautics whose research in the aeronautical field is basic to the continued development of our aircraft industry. Its research and development work is made available not only to the Army, Navy, and Air Force, but also to the private industrial concerns in the aircraft field.

The authorization of these positions can in no way be termed a raid on the Treasury or a political maneuver to secure more high-paid jobs for political purposes. Each individual who has been approved for appointment under the present authorizations for such positions which would be increased by title V has been an outstanding scientist or professional man in his field of work. The departments and agencies who have the special authorities which are being increased under title V have in no instance abused the authority or used it improperly since they have first received authorization for appointments and pay fixing in 1947.

To reduce the number of scientific and professional positions proposed to be authorized by title V would be failing to recognize our critical need for advanced work by the Federal Government in the fields of basic research and applied science.

I appreciate the work the Senator from Georgia has done. It is a real problem to determine the number of personnel that each agency should have in the super positions. There is a great demand for them. In many instances—in fact, I should say in most instances—their employment is justified. We have tried, as I know the Senator from Georgia has tried, to take care of the agencies at this time.

I did not hear the number the Senator from Georgia suggested for the Department of Defense.

Mr. RUSSELL. The number suggested for the Department of Defense is a total of 120. At the present time the Department has 45 super positions. The proposed amendment would allow them 75 additional positions in this category.

Mr. CARLSON. I should like to say to the Senator from Georgia that the senior Senator from Virginia [Mr. BYRD] visited with me and stated he was greatly concerned about the National Advisory Committee for Aeronautics, and he told me he had discussed with the Senator from Georgia the number of super positions needed in that agency. As I understand, that agency now has 10 such positions, and would receive 10 additional under the proposed amendment. Is that correct?

Mr. RUSSELL. The Senator is correct. I may say that the Senator from Virginia has discussed this matter with me on two occasions, and urged increases in the authorization for the National Advisory Committee for Aeronautics. But, in my opinion, if we double the number that agency now have, and they are permitted to fill the 10 old positions—because they will be recruiting 10 new men to fill the lower grades which have been vacated for the higher grades—that should suffice to allow the agency to pursue its activities.

Mr. CARLSON. The National Advisory Committee for Aeronautics had requested 60 such positions. As I understand, all the positions which were to be filled would be filled by moving up to those grades persons presently employed by the agency. The amendment will give the agency 20 of those super positions. Is that correct?

Mr. RUSSELL. The agency will have 20 of the highest professional grade positions recognized by existing law. As the Senator has stated, the agency proposes to fill the top positions by promotion; but, as the Senator well knows, when the agency does fill those positions by promotion, that does not automatically abolish the lower positions which are occupied by those who will be promoted. Additional personnel will fill the vacancies created by the promotion of personnel to the 10 additional scientific and professional grades.

Mr. CARLSON. In conclusion, I wish again to commend the Senator from Georgia for the work he has done on the

matter. I know he has worked earnestly and sincerely in trying in an effort to protect the interests of the Government. There is great demand by private industry for scientists and other personnel in various Government agencies. While we can never expect to meet private industry salaries, we can, in every way possible, by granting salary increases and fringe benefits, encourage employees to stay with the Government when we need them.

If it develops by next January that a sufficient number of positions have not been made available to take care of the interests of the Government, I am sure the Senator from Georgia, and I know the Senator from Kansas, will try to protect those interests.

Mr. RUSSELL. If it develops that this number of positions is not sufficient to meet the needs of the agencies, I shall favor action by Congress to increase the number so as to enable the departments to meet their needs.

Mr. DOUGLAS. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. DOUGLAS. First, I wish to congratulate the Senator from Georgia for his work in cutting out a large number of the high-salaried positions, which apparently are grossly excessive in number.

I have made a rough calculation; and I think his amendment to the committee amendment will save several million dollars. He deserves a great deal of credit for paring down the excessive estimates by the executive departments.

Mr. RUSSELL. I thank the Senator from Illinois.

Mr. DOUGLAS. I have been seeking for some time to obtain information on this question. There are approximately 13 Under Secretaries, 2 Secretaries, and then there are some Deputy Under Secretaries. There are 53 Assistant Secretaries, 21 of whom are in the Defense Department. I am seeking to ascertain how many deputies to Deputy Secretaries and Under Secretaries and how many deputies to Assistant Secretaries there are in the Government.

Mr. RUSSELL. Mr. President, the Senator from Illinois must seek his information at a source that is wiser and has more information than does the Senator from Georgia. I doubt very much that in the Government service there is any living human being who could answer that question offhand.

Mr. DOUGLAS. Does the Senator from Georgia think there is any computing machine which could add up the total?

Mr. RUSSELL. Some remarkable electronic computing machines have been developed in the past few years.

Mr. DOUGLAS. Does the Senator from Georgia think it would be necessary to use an electronic computing machine in order to arrive at the answer to my question?

Mr. RUSSELL. Of course, figures in regard to some of the other executive departments have been available. I myself am more familiar with the Department of Defense than I am with some of the other departments and agencies.

Mr. CARLSON. Mr. President, in connection with that point will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield.

Mr. CARLSON. The Senator from Illinois is an eminent statistician and economist; but I do not want him to state on the floor of the Senate that this amendment to the committee amendment will save hundreds of millions of dollars.

Mr. DOUGLAS. I said millions of dollars.

Mr. CARLSON. The fact is that the committee amendment provides for an increase from a maximum of \$15,000 to a maximum of \$19,000.

Mr. DOUGLAS. But when additional positions are created and when men already in the Government service are moved into the new positions, it is necessary for others to occupy the positions the men promoted have vacated.

Mr. CARLSON. At any rate, the Senator from Georgia has stated the number; and I point out that the difference is the difference between \$15,000 and \$19,000.

Mr. RUSSELL. Mr. President, I appreciate the statement of the Senator from Kansas. In some instances, I think the difference might be somewhat greater.

Mr. President, I make no claim that the saving this amendment to the committee amendment will effectuate will pay off the public debt or result in some other great accomplishment; the saving will be a rather modest one. However, I was brought up in a rather Spartan household, and it seems that I waste a great deal of time in the Senate in trying to save a few dollars here or a million dollars there. In view of the tremendous Government operations which now are going on, the saving which will result from this amendment to the committee amendment will be almost infinitesimal. However, when I see that I can save a few dollars for the national Treasury, my instinct tells me I should do what I can to do so.

Mr. DOUGLAS. Mr. President, will the Senator from Georgia yield further to me?

Mr. RUSSELL. I yield.

Mr. DOUGLAS. Perhaps the adding machine the Senator from Georgia has at his disposal will not permit him to state the total number of Deputy and Assistant Secretaries for the entire Government; but can he state the number for the Department of Defense?

Mr. RUSSELL. I cannot answer that question. I know that during World War II there was a total, I believe, of 8 Secretaries and Assistant Secretaries in the various defense agencies; and in January 1953, when the present administration came into power, there were 17 Secretaries and Assistant Secretaries in the Department of Defense; and as of today there are 30. A bill which has been passed by the House of Representatives, and on yesterday was in the Senate Armed Services Committee—where it was tabled—would have created three additional Secretaries.

Of course, I am sure it is only coincidental; but I was interested to observe that in testimony given before the Con-

gress some 2 years ago, the Secretary of Defense testified there were 33 vice presidents of General Motors Corp.; and if the committee had reported the bill to which I have just referred, and if the bill had been passed, there would have been 33 Secretaries and Assistant Secretaries of the Defense Department.

Mr. DOUGLAS. Does the Senator from Georgia remember what the late Fred Allen had to say about the numerous vice presidents of broadcasting companies? The remarks were very caustic and well deserved. I think Mr. Allen would have equal fun with the number of these deputies, assistants, and so forth.

Mr. RUSSELL. I am afraid that I am not familiar with that particular historical incident.

Mr. President, I ask that the question be put on the adoption of my amendment, which proposes a substitute for title V of the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia [Mr. RUSSELL] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, to the committee amendment, I submit the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. (Mr. GORE in the chair). The amendment to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 28, between lines 19 and 20, it is proposed to insert the following:

SEC. 110. (a) The Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$20,000 per annum, in addition to such allowances.

(b) The Deputy Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$19,000 per annum, in addition to such allowances.

(c) The Director, National Institutes of Health, the Chief, Bureau of Medical Services, and the Chief, Bureau of State Services, of the Public Health Service, shall each receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$17,500 per annum, in addition to such allowances.

Renumber succeeding sections.

Mr. JOHNSTON of South Carolina. Mr. President, the purpose of the amendment is to adjust the rate of compensation of five top doctors who are responsible for administration of the United States Public Health Service.

The committee unanimously agreed to adjust the rate of compensation of the top position; that is, the position of the Surgeon General of the United States. After this action had been taken, certain technical problems which developed made it necessary to leave the position out of the bill as it was reported. These technical problems have now been resolved, and it has been determined that, in addition to adjusting the pay of the Surgeon General, as a matter of

equity the rate of pay of four additional positions should be adjusted. The matter has been discussed with members of the Committee, and meets with approval of the members of the committee.

When we were discussing the matter in the committee, at one time we thought that perhaps the ones in these positions might continue to receive the salaries attaching to their ranks in the military services—for instance, the salary of brigadier general, and so forth. For that reason, we thought that perhaps we should not interfere with the existing arrangements. However, we have found that that is not true. For that reason, we believe the salaries should be adjusted in the way proposed.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. If I correctly understand the amendment, I think it will increase the salary of the Surgeon General of the United States and 3 or 4 other positions in the Department of Health, Education, and Welfare.

Mr. JOHNSTON of South Carolina. That is true.

Mr. CARLSON. I think the RECORD should show that in the case of the Surgeon General, who is a member of the military forces of the United States, and who draws a certain salary as a member of the United States Army, even though he will receive the increased salary proposed by the amendment, his salary will revert to his previous salary when he leaves his present position.

Mr. JOHNSTON of South Carolina. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. RUSSELL. Mr. President, I desire to address a question to the Senator from South Carolina. On page 35 of the committee report, I notice it is stated that a change is made in the status of a number of legal officers of the Government, including that for the Department of Agriculture, that for the Department of the Army, that for the Department of the Navy, and that for the Department of the Air Force. Will the Senator tell us briefly why that change was made, and the effect of it?

Mr. JOHNSTON of South Carolina. In general terms, we made a study of the subject, the subcommittee and the staff working together, and we came to the conclusion that the salaries for the officials referred to should be increased in the amounts indicated. The committee was unanimous.

Mr. RUSSELL. Is there anything to prevent the creation of two higher positions when this provision is enacted? Can the grade at present occupied by the General Counsel of the Department of the Army be filled by another appointment?

Mr. JOHNSTON of South Carolina. No; it cannot.

Mr. RUSSELL. The Senator is confident of that?

Mr. JOHNSTON of South Carolina. I am confident of that. That question was raised, and we were told that it could not be.

Mr. RUSSELL. The Senator is confident that that language applies only to the offices of these individuals, and does not increase the total number of positions in these departments?

Mr. JOHNSTON of South Carolina. That is entirely correct.

Mr. RUSSELL. Can the Senator tell us how many positions in the so-called super grades—16, 17, and 18—are created by this bill?

Mr. JOHNSTON of South Carolina. I should say not more than a dozen.

Mr. RUSSELL. I notice on page 36 that when we increase the grade of Deputy Administrators of the Agricultural Research Service to grade GS-18, we say that "Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 305 (b) of such act." Does that mean that the grades now occupied by those positions, which are either 16 or 17, can be filled by new appointments?

Mr. JOHNSTON of South Carolina. No; they cannot.

Mr. RUSSELL. That relates only to the three new deputies?

Mr. JOHNSTON of South Carolina. There are no new grades.

Mr. RUSSELL. On page 80 I find an interesting statement, with which I have no violent disagreement, but I was rather curious as to its significance. I refer to section 406, in the retirement provisions of the bill, I believe. That section reads as follows:

SEC. 406. It is the policy of the Congress that whenever in the future any general adjustment is made in the salaries of Government employees, corresponding adjustments should be made in the annuities of retired employees.

Was that provision in the retirement bill as it passed the Senate?

Mr. JOHNSTON of South Carolina. It was in the retirement bill. That is a statement of policy.

Mr. RUSSELL. I feel somewhat bound by our action in supporting the retirement bill.

I thank the Senator from South Carolina for the consideration he has shown me.

Mr. CLEMENTS. Mr. President, on behalf of the senior Senator from New Hampshire [Mr. BRIDGES] and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. Beginning with line 19 on page 30, in the committee amendment, it is proposed to strike out down to and including line 4 on page 33.

On page 33, line 5, it is proposed to strike out "Sec. 121" and insert "Sec. 119."

Mr. CLEMENTS. Mr. President, it is the belief of the sponsors of this amendment that the matters covered in these two sections of the bill should be considered in the legislative bill, and for that reason we offer the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky for himself and the Senator from New Hampshire [Mr. BRIDGES] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. CLEMENTS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. On page 52, lines 18 and 19, in the committee amendment, it is proposed to strike out "attains the age of 55 years and."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the committee amendment.

Mr. KNOWLAND. Mr. President, may we have an explanation of the amendment?

Mr. CLEMENTS. Mr. President, this is similar to the amendment adopted by the Senate in connection with a previous bill. This amendment would permit retirement after 30 years' service, but the retirement allowance would be adjusted downward, depending upon the age of the person so retired.

Mr. CARLSON. Mr. President, I have discussed this amendment with the senior Senator from Kentucky. While I opposed a similar amendment which was previously before the Senate, the Senate voted to include it in the bill. Therefore I think we should take it to conference.

Mr. JOHNSTON of South Carolina. Mr. President, I was on the floor when a similar amendment was agreed to on a previous occasion, and I favored the amendment. The only reason we did not keep it in the bill was that we thought perhaps it would be more likely to meet the approval of the House if it were not in the bill. We shall be glad to take the amendment to conference.

Mr. CLEMENTS. Let me say to my friend, the chairman of the Committee on Post Office and Civil Service, and to the ranking minority member [Mr. CARLSON], that I am delighted to have them take the amendment to conference. However, when they go to conference I hope they will give consideration to the fact that this question has been previously voted upon by the Senate, which expressed itself by a vote of 46 to 36 in favor of the amendment. I hope they will take that fact into consideration when they are discussing this subject in conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. CLEMENTS] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. DOUGLAS. Mr. President, may I inquire whether the Senator from South Carolina will yield to me for some further questions.

Mr. JOHNSTON of South Carolina. I yield to the Senator from Illinois.

Mr. DOUGLAS. Do I correctly understand that on the White House staff there

are now 12 administrative assistants to the President?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. DOUGLAS. Does the Senator from South Carolina remember that when the executive staff of the President was first established under the administration of Franklin D. Roosevelt, 7 assistants were provided for, at a salary of only \$10,000.

Mr. JOHNSTON of South Carolina. I believe that is correct.

Mr. DOUGLAS. Does the Senator from South Carolina remember the heated objections from the other side of the aisle at that time to the creation of that number of positions of administrative assistant in the office of the President?

Mr. JOHNSTON of South Carolina. There was some discussion.

Mr. DOUGLAS. There was quite bitter discussion, was there not?

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. Now there are 12, and the administration wants 3 more, or a total of 15.

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. So there will be twice as many assistants as President Roosevelt had, at greatly increased salaries; is that not true?

Mr. JOHNSTON of South Carolina. I agree with the Senator from Illinois.

Mr. DOUGLAS. I am also intrigued by the fact that two of the new positions which are to be created are two "Deputy Assistants to the Deputy Assistant" to the President.

Mr. JOHNSTON of South Carolina. That is true. The same thought was running through my mind.

Mr. DOUGLAS. In other words, we have not only Deputy Under Secretaries and Deputies to Deputies to Assistant Secretaries, but we have Deputy Assistants to the Deputy Assistants to the Assistant Secretaries. Would the Senator say that this was a government by deputation?

Mr. JOHNSTON of South Carolina. We do not wish to criticize anyone for not being on the job all the time. One must have assistants when he is absent.

Mr. DOUGLAS. May I ask if it is not the function of the Deputy Assistants to the President, the Assistants to the President, and the Deputy Assistants to the Deputy Assistant to ride herd on the various Government departments, and therefore ride herd on the Deputy Secretaries and Assistant Secretaries, the Deputies to the Deputy Secretaries, the Deputies to the Under Secretaries, and the Deputies to the Assistant Secretaries? Is not that their function?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. DOUGLAS. To see that there is proper coordination between the Assistants and the Deputies to the Assistants.

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. Does the Senator remember the debate in connection with the WPA, when the WPA proposal was nearly wrecked when someone discovered

that there were supervisors of supervisors?

Mr. JOHNSTON of South Carolina. I remember that discussion.

Mr. DOUGLAS. It nearly killed the WPA.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. But here we have Deputy Assistantants and Assistants riding herd on Secretaries, Under Secretaries, Deputy Secretaries, Assistant Secretaries, Deputies to Under Secretaries, and Deputies to Assistant Secretaries.

Is not that true?

Mr. JOHNSTON of South Carolina. Yes.

Mr. DOUGLAS. Apparently their work has become so onerous that it is now necessary to create deputy assistantants to deputy assistants. Would the Senator from South Carolina inform the Senate whether there are deputy assistantants to the deputy assistants to the deputy assistants in the Office of the President? In other words, do the deputy assistantants to the deputy assistants have deputies who in turn act for them?

Mr. JOHNSTON of South Carolina. I have not investigated that situation. That might be so.

Mr. DOUGLAS. It might be an interesting subject for investigation. Does not the Senator from South Carolina believe that this business has gone to far?

Mr. JOHNSTON of South Carolina. There is no doubt about that.

Mr. CASE of New Jersey. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 28, after line 19, it is proposed to insert a new section, as follows:

SEC. 112. (a) Except as provided in subsection (b) of this section, the compensation of the Commissioners of the District of Columbia shall be at the rate of \$17,500 each per annum.

(b) The Engineer Commissioner, appointed from the Corps of Engineers, shall receive an annual compensation which, when added to any compensation he receives as an officer of the United States Army, will equal the compensation authorized for a Commissioner by subsection (a) of this section.

Mr. CASE of New Jersey. The pending amendment is a very simple one. Its purpose and effect is to raise the compensation of the District of Columbia Commissioners from their present salary of \$14,620 to \$17,500. There are 3 Commissioners—2 civilian Commissioners and 1 engineer Commissioner. In the case of the latter he would be paid the difference between his Army compensation and \$17,500.

The amendment has been approved unanimously by the members of the Committee on the District of Columbia, and I understand that the leadership on both sides and the chairman of the Committee on Post Office and Civil Service have no objection to it.

Mr. JOHNSTON of South Carolina. The salaries of the Commissioners were not included in the pending bill. However, I believe that the District of Co-

lumbia Commissioners should receive this increase to \$17,500.

Mr. CASE of New Jersey. I believe the increase could very equitably be much higher, but I am satisfied that at the present time this is the best we can do. Therefore I urge the adoption of the amendment.

The PRESIDING OFFICER (Mr. GORE in the chair.) The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. CASE] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, the chairman of the Committee on Public Works asked me to have a bill referred. I did not understand that his request included the striking of certain provisions from the pending bill. After consultation with the Senator from South Dakota [Mr. CASE] and the Senator from Tennessee [Mr. GORE], I believe I should offer an amendment to strike from the pending bill the subject matter in the bill which was rereferred; otherwise there would be no use of rereferring the bill, because the subject matter would have been taken care of in the pending bill.

Therefore, Mr. President, I offer an amendment to strike line 13 of page 24, which reads "(38) Federal Highway Administrator;" and to strike section 304 of the bill, beginning at line 23 on page 36, down to and including line 16 on page 37.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON of Texas. I should now like to ask a question of the distinguished chairman of the committee. As I understand, the amendment which has been adopted by the Senate will completely take care of the situation complained of by the Committee on Public Works. Is that correct?

Mr. JOHNSTON of South Carolina. So far as I know, it will take care of it.

Mr. JOHNSON of Texas. I am doing this without any prejudice to what the committee may do about it. It is a subject which that committee wishes to consider. At the same time I desire to make it abundantly clear that I have no personal feeling in the matter. I am acting on behalf of the chairman of the Committee on Public Works. I appreciate the attitude of my friend, the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the sections of the bill be renumbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment.

Mr. DIRKSEN. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 19, it is proposed to

strike out line 24, and to insert after line 12 the following: "The Administrator of Veterans' Affairs."

Mr. DIRKSEN. The purport of the amendment is to provide for the transposition of the Administrator of Veterans' Affairs from one section to another, to put him in a slightly higher class. Very properly he belongs along with the Secretary of the Navy, the Secretary of the Army, and the Secretary of the Air Force. Such a provision was carried in the Senate version of the bill in 1955. However, in the pending bill he is dropped into another category.

Mr. President, the amendment I have offered would transfer the Veterans' Administrator to a higher pay bracket. I think the bill has been well constructed. It is on the basis of responsibility, so, certainly, the Administrator of Veterans' Affairs should be included in the next higher bracket.

He is in charge of the veterans' hospitals with a caseload of more than 113,000 bed patients. At last report there were 181,287 civilian employees on the rolls of the Veterans' Administration. When it comes to money that agency is the fourth largest, because the appropriation for it is in excess of \$4 billion. The veterans and dependents on the rolls today number more than 3½ million. Veterans' Administrator is looking after 25,000 vocational cases. The Administrator is administering a program which includes 784,000 GI's for benefits under the GI bill. He is also administering a loan program involving 4,480,000 loans with an aggregate total of \$33 billion. In addition to all this, there are in force at least 5,600,000 national life insurance policies and some 400,000 World War II insurance policies. It is a tremendous operation, and I believe, on the basis of size and responsibility, the Administrator should be moved into the next highest bracket and should be given that additional prestige and recognition.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. JOHNSTON of South Carolina. The subcommittee gave a great deal of study to this question. They felt that the Administrator should not be placed on a higher list, but should be held to the \$21,000 salary. I think all the members of the committee were unanimous in that belief. It gets the bill out of gear, so to speak, if we place the Administrator in a higher bracket and leave the Commissioner of Internal Revenue, and other officials of that class, where they are. So, we classed them all together, which we thought was correct.

I hope the Senate will see fit to reject the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN] to the committee amendment.

The amendment to the amendment was rejected.

Mr. BRIDGES. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment it is proposed, on page 26, after line 11, to insert the following new section (3) under section 106 (b): "Assistant to the Director of the Federal Bureau of Investigation."

Mr. BRIDGES. Mr. President, we have a Director of the Federal Bureau of Investigation and an Associate Director. Then we have Assistant to the Director. My amendment applies to the Assistant to the Director, whose work is done very competently. The person occupying this post is an outstanding individual with whom I think Members of Congress have come in contact with and of whom they have a very high opinion. I certainly think he is one of the most capable officials in Government.

I think that, by and large, the committee has done an excellent job, and I wish to commend the distinguished chairman of the committee and the members of the committee for their excellent work, and I certainly would not offer this amendment if this were not an unusual situation. I think this is an unusual situation, because of the responsibility of the job, because of the high type of man who holds the job, and because of the respect in which he is held by committees of the Congress of the United States come in contact with him.

I hope my amendment will be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES] to the committee amendment.

Mr. JOHNSTON of South Carolina. Mr. President, this is another amendment which might get the bill out of gear. The position is not even in the executive pay bill; it comes under the Classification Act. He would be in grade 18. He is receiving a promotion from \$14,800 to \$16,000. There are many persons who hold positions of the same type in the Government. If we place this man in a higher position the others should be placed in higher positions. So, much as I like this man and the work he is doing, I do not think, personally, I could agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire [Mr. BRIDGES] to the committee amendment.

The amendment to the amendment was rejected.

Mr. BRIDGES. Mr. President, I submit another amendment which I ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 28, line 17, it is proposed to strike out "seven" and insert in lieu thereof "eight."

On page 28, line 18, it is proposed to strike out "three" and insert in lieu thereof "two."

Mr. BRIDGES. In effect, the amendment would create one more assistant on the White House staff at a higher rate, in lieu of one at a lower rate.

The purpose of the amendment is to place the salary of the Secretary to the Cabinet at a higher rate level than he now has. The Cabinet is composed of the closest associates of the President in the executive branch of the Government, and the Secretary to the Cabinet carries on his shoulders great responsibilities. He is the chief liaison officer between the President and the Cabinet. His position is as important a position as there is on the general White House level. This official is responsible for the preparation of the Cabinet agenda and to determine those items to be recommended to the President for Cabinet discussion.

I think the position is filled competently today by a man of outstanding ability. I hope the amendment will be agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I am sorry that I cannot agree to accept the amendment. The committee has already advanced the rate of pay of three positions at \$17,500 in the President's office. I feel that that is sufficient at this time. Under the circumstances, I ask the Senate to reject the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire [Mr. BRIDGES] to the committee amendment.

The amendment to the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, if no other Senator desires to offer an amendment to the bill, I shall suggest the absence of a quorum, because the Senator from Oregon [Mr. MORSE] wishes to offer one final amendment before the bill shall be passed.

Mr. MONRONEY. Mr. President, before the Senator from Texas suggests the absence of a quorum, I should like to propound a question to the chairman of the committee.

The retirement features which are included in the committee amendment include the same rate of contribution for the retirement of Members of Congress as did the retirement bill which passed earlier with the Williams amendment, do they not?

Mr. JOHNSTON of South Carolina. They are the same.

Mr. MONRONEY. I wanted to be certain that there had been no inadvertent change.

Mr. JOHNSTON of South Carolina. They remain the same.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I suggested the absence of a quorum so that my friend, the Senator from Oregon, could come to the floor to offer an amendment he desired to offer before the Senate took final action on the bill. As soon as action has been taken on the amendment and then on the bill, it will be my purpose to move that the Senate proceed to the consideration of the mutual security appropriation bill, on which there will be a limitation of the time for debate.

The Senate will remain in session late this evening in the hope that some action can be had on at least several amendments to the bill.

Mr. MORSE. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 33, it is proposed to strike out lines 5 and 6 and insert in lieu thereof the following:

SEC. 121. (a) Except as provided in this section, this title shall take effect as of the first day of the first pay period which began after December 31, 1955.

(b) Retroactive compensation or salary shall be paid by reason of this act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this act, except that such retroactive compensation or salary shall be paid (1) to an officer or employee who retired during the period beginning on the first day of the first pay period which began after December 31, 1955 and ending on the date of enactment of this act for services rendered during such period and (2) in accordance with the provisions of the act of August 3, 1950 (Public Law 636, 81st Cong.), as amended, for services rendered during the period beginning on the first day of the first pay period which began after January 31, 1955, and ending on the date of enactment of this act by an officer or employee who dies during such period. For the purposes of this subsection, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of the first day of the first pay period which begins on or after the date of such enactment.

Mr. MORSE. Mr. President, in essence, the amendment provides for retroactive pay for 6 months. I invite the attention of the Senator from South Carolina, the able chairman of the committee, while I ask him a question or two.

The amendment has been very carefully prepared by the legislative counsel. It is an amendment, which has been considered from the standpoint of all the technical problems which I happen to know were discussed in committee in regard to retroactivity. It is an amendment which I think is just and equitable.

I should like to ask the chairman of the committee a question or two about the history of the bill. Am I correct in my understanding that the subject matter of the bill is the same as the subject matter of the bill which was sought to be passed on the floor of the Senate in the closing hours of the last session of Congress?

Mr. JOHNSTON of South Carolina. It is.

Mr. MORSE. Is it not true that at that time there were many Senators who wanted the bill passed? It had been passed a matter of an hour or two previously by the House of Representatives on the closing night of the session, and strong representations had been made to the Senate by the House leadership for passage of the bill by the Senate that night. Is not that correct?

Mr. JOHNSTON of South Carolina. That is true. The committee, if the Senator from Oregon will recall, quickly held a session and reported the House bill, with a few minor amendments, but the Senate committee did not have time to hold any hearings or to make a formal report.

Mr. MORSE. The Senator will recall there were a considerable number of objections expressed on the floor of the Senate—and the CONGRESSIONAL RECORD will show them—by colleagues of mine, because of the fact that the Senator from South Carolina, as committee chairman, when asked a question about it, very frankly told us that his committee had not had time to conduct hearings on the bill.

Mr. JOHNSTON of South Carolina. That is true.

Mr. MORSE. The Senator will recall that I held the floor that night in opposition to the bill, because I felt, as did a considerable number of my colleagues, who expressed themselves in the RECORD at that time, that the bill should be subjected to hearings, because of its complexities which were perfectly clear to us as we came to examine the bill on the floor of the Senate. At that time I said I felt we ought to be perfectly fair to the employees, and when the bill was brought up in the next session of Congress and hearings were held—and we hoped it would be disposed of very early in the next session of Congress—I would urge that the increased pay should be made retroactive. Does the Senator recall that?

Mr. JOHNSTON of South Carolina. I recall the Senator's making a statement similar to that.

Mr. MORSE. Mr. President, I make this statement about the history of the bill because I believe the employees are entitled to the equity I am pleading for this afternoon, for if in the closing hours of the session there had not been objection to the bill providing increased pay for employess would have been

passed. But the bill came to the floor of the Senate without any committee hearings having been held on it, I think within the last 4 or 5 hours of the closing day of the last session of the Congress and objection was raised. The Senator agrees with me on that; does he not?

Mr. JOHNSTON of South Carolina. I agree with the Senator in his statement.

Mr. MORSE. I assume that, although there have been some changes made in the bill which was submitted on the last day of the last session, the general framework of the bill remains pretty much the same. Is that correct?

Mr. JOHNSTON of South Carolina. I would say in most instances it is the same.

Mr. MORSE. One of the last efforts of the last evening of the last session was to get the executive pay bill passed, but some of us felt that, in accordance with proper parliamentary procedure in the Senate of the United States, a bill of such magnitude ought to be subjected to hearings. How right we were, because when Congress reconvened, at its next session, the bill came before the committee headed by the able Senator from South Carolina; here we are in the closing days of the present session, and we find the bill before us, but now having had extensive and prolonged hearings. We were quite right that night when we said the executive pay bill should not be passed without hearings, as the very record made by the committee demonstrates. The group who objected to the pay bill that night thought it would be exceedingly unwise to pass it under the conditions prevailing at the time its consideration was proposed.

I think we were right in another matter, Mr. President, when, in our plea for time to have hearings at the beginning of the next session of Congress, we made the statement that we thought, in fairness to the employees, we ought to support the principle of retroactivity when the bill was ultimately considered. One of the arguments made on the floor of the Senate, as the RECORD will show, was that if we stopped the bill that night we would do an injustice to employees of the Executive Departments who would otherwise have obtained an increase in salary unless the pay increases were made retroactive. That statement is true today. So we should make certain that injustice is not done by providing retroactivity.

I have gone into this matter with counsel, and I am advised the amendment I have submitted is a sound amendment from the standpoint of the legal problems involved. I submit it is a sound amendment so far as the equities are concerned; and I think, in justice to the employees, in view of the record we as the Senate ourselves have made on this matter, we owe it to them.

I was always of the opinion that in the last session of Congress it was unfortunate that the administration did not attempt to obtain action on the bill early enough in the session so our committee could have held hearings. Our able chairman, as I recall it very dis-

tinctly—and I am willing to let the record speak for itself—said, on that last night of the session, that the bill had not been brought before the committee in time to have hearings on it. I recall saying that, of course the responsibility for that was the administration's. But now the responsibility is ours to do justice for these employees.

Mr. President, I am asking for six months of retroactivity. I think it is only fair and proper. I am submitting my amendment on two grounds.

First, the bill should have been in shape, based on hearings, so that it could have been passed at the session of Congress. I think the employees concerned have been done an injustice because of delay by the Senate, the delay having been caused in the first instance, in my opinion, by the failure of the administration to get the bill to Congress in time for it to have due consideration. But that is over the dam. Now we have a problem in connection with a bill on which there have been adequate hearings. It is a good bill in most particulars, as I understand, although I have not had the time to make as careful a study of it as I should like. But the committee seems to be pretty much in agreement that it is a fair bill.

Therefore, in the second place, we ought to take care of the retroactive equities, which I think these employees deserve. The retroactivity does not go back far—only 6 months. It goes back to December 31, 1955.

I submit the amendment on the basis of its obvious justice and fairness to these employees.

Mr. MONRONEY. Mr. President, I am forced to oppose the amendment of the distinguished senior Senator from Oregon, principally on the ground that the best way I know to kill the bill before the Senate in the closing hours of the session and the increases the bill provides for the Cabinet members, under secretaries, secretaries, and other high executives of this great Nation of ours, would be to burden the bill with retroactivity.

I know we legislate for groups and not for persons, but I do not believe that the chances for the House's approval and the signature of the President would be enhanced by providing a \$12,500 bonus for persons in high salary brackets who are not severely in need.

It was the fault of the administration, I assure my distinguished colleague, that last year the bill came before the Congress in the closing days of the session. The committee had been asking for a bill to be submitted. Again, the Congress could have considered the bill in January, had the administration been ready to send a bill for the appropriate committee to consider.

Frankly, I do not like retroactivity. Once we start making salary increases retroactive, where are we to draw the cutoff line? Consider persons who receive the meager sum of \$60 a month in social security benefits. Bills affecting such persons sometimes are pending for 2 or 3 years. Yet the only practical way to enact such legislation is to base the beginning of the benefits on the passage of the bill.

Only once have we deviated from that course and provided retroactivity. I supported such action because twice we saw the President, at the insistence of the Postmaster General, veto the overwhelming action of both Houses in giving the poorly paid postal workers increased pay. If the President vetoed the action of both Houses, not once, but twice, in the case of a bill which provided increases for men making between \$2,500 and \$3,000 a year—persons who were in desperate need of an increase to pay grocery bills and rent—what would happen to the pending bill?

In this case we are dealing with retroactivity for distinguished executives of our Government, including such persons as Charles Wilson, formerly the president of General Motors Corp. We are also dealing with the pay of Secretary Weeks, another millionaire, the Secretary of Commerce. We are dealing with the pay of many other men who accepted their present Government positions at personal sacrifice to themselves, I must say.

However, when we try to hew to the line of retroactivity when we deal with \$25,000-a-year salaries for the top executives, in my opinion we are dealing with a matter so dangerous that I think it would be likely to jeopardize enactment of the bill itself.

The pending bill is not the same as the one which came before the Senate on the closing day of the last session. The bill now before the Senate covers well over 100 pay increases which were not even mentioned in the bill which was before the Senate on the last day of the last session. Are we going to provide for 6 months' retroactivity, along the line of a bonus of \$10,000 or \$11,000, in the case of such positions? I think we must draw the line. We are dealing with the public funds, and we must be careful.

Mr. PASTORE. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. COTTON in the chair). Does the Senator from Oklahoma yield to the Senator from Rhode Island?

Mr. MONRONEY. I yield to my distinguished colleague on the committee.

Mr. PASTORE. Will not the distinguished Senator from Oklahoma agree that the committee considered this particular aspect of the bill, and devoted quite a number of hours to discussing it, and was of the opinion that this measure is somewhat different from the vetoed postal pay bill of last year, which contained a retroactive clause. In this case we are dealing not only with pay increases, but also with adjustments. I believe that, after all, sufficient equity is provided by the bill if passed as it now stands, and if it is made effective as of the date of its passage.

As the Senator from Oklahoma has already pointed out, in this case we are dealing with the salaries of those who occupy the top echelons, those who make the policies. They look to the White House for their benefits. The White House assumed that responsibility last year, but not in time. However, that was not our fault.

This year I again raised, before the committee, the point that no scientific

analysis had been made of the relationship between some of these positions. Because of the failure to make such an analysis, much hard work had to be done by our very diligent and alert staff. We devoted hours and hours of consideration to the matter, and we judged each group in relation to the others, so that no inequity would be done to any individual or any group of individuals within the categories specified in the bill. All that has been done.

I am afraid that if now we deal with the feature the Senator from Oregon [Mr. MORSE] has raised, and which we have fully discussed, much as I appreciate the noble motive of my friend, the Senator from Oregon, I am afraid we would be doing an impractical thing; and, rather than help, I am afraid it might jeopardize the chances of having the bill signed by the President.

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. KNOWLAND. I rise to support the position of the committee in not including retroactive features in the bill.

I certainly hope the amendment of the Senator from Oregon will be rejected. I think it would be an unsound practice to make the bill retroactive; I think there is no necessity for doing so. In my opinion, the Congress is being equitable and reasonably generous by means of the provisions of the bill as reported and as amended up to this time on the floor.

I certainly hope the amendment of the Senator from Oregon to make the provisions of the bill retroactive will be rejected.

Mr. MONRONEY. I thank the Senator from California.

Mr. MORSE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield to my distinguished colleague.

Mr. MORSE. I wish to make another brief statement.

First, I should like to ask the chairman of the committee whether the bill now before the Senate provides for any increases in the salary brackets, over and above those provided in the bill which was before the Senate on the last evening of the last day of the last session; and if there are in the pending bill any such increases in salaries, I wish to ask whether the committee voted for any of them because of the fact that they would be made at a time later than when they would have been made if the Congress had enacted the bill at the last session. In other words, in fixing the salaries which are provided by the pending bill, did the committee take into account the fact that the Senate did not act on the other bill at the last session?

Mr. JOHNSTON of South Carolina. No, we did not take that into consideration; that is my answer to the Senator's question. I cannot speak for every member of the committee; that point was not discussed with them.

Mr. PASTORE. Mr. President, on that point will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Is it not a fact that if the bill of last year had been enacted, it would not have done as much equity as will be done by the pending bill, because the pending bill is a great improvement over last year's bill; and when many of the persons affected examine the pending bill, they will thank God that the Congress did not pass the other bill.

Mr. MORSE. Does the Senator from Oklahoma agree with that opinion?

Mr. MONRONEY. I do.

Mr. MORSE. Does the Senator from South Carolina, the chairman of the committee, agree with that opinion?

Mr. JOHNSTON of South Carolina. I do. After the studies were made, some improvements have been made, and some of the jobs have been moved from one class to another.

Mr. MORSE. I believe there is no doubt—and I do not think any Member of the Senate can deny—that if I had not held the floor for several hours during the last night of the last session of Congress, so as to block passage of that bill, it would have been passed then, even though hearings had not been held on it.

Therefore, I find myself in this position: At that time I also said that I would make a fight for retroactivity, after hearings had been held, because I thought the employees were entitled to retroactivity. At that time I said that I thought we should not attempt to pass such a bill when hearings had not been held on it.

Thereafter I received a good many calls from my friends in the Departments downtown. If any Senator on the other side of the aisle thinks I do not have many friends there, he is mistaken.

Many of my friends began to call me, thereafter. They asked, "What did you mean by blocking our pay increase? We are not responsible for the fact that the administration did not get the bill to Congress in time for hearings to be held. We think the bill is a good one."

I explained to them that I thought a very important procedural matter which should be protected was involved. I said to them, "I want you to know that I will fight for retroactivity for you, because I think you are entitled to it."

So I wish to point out that I am morally obligated to those persons to fight for retroactivity, because I am the one who prevented them from receiving this pay increase many, many months ago.

I do not draw the distinction that my friend, the Senator from Oklahoma, draws between the high paid and the low paid persons on the Government payroll. After all, regardless of whether they are high paid or low paid—and many of them are not getting very much pay, let me say—they are entitled to fair pay for the service they render.

The committee has decided that the bill as reported by it provides for fair pay for the services rendered. If the bill which was before the Senate on the closing day of the last session of Congress provided for fair pay—I refer to the bill which did not reach the committee in time for hearings to be held—then this amendment should be agreed to. That

is why I am pressing for adoption of the amendment.

Because of the confidence I have in him and the reliance I have placed on him from time to time, I should like to hear from the ranking minority member of the committee, the Senator from Kansas [Mr. CARLSON]. I should like to know what his position on this matter is.

Mr. MONRONEY. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I had expected to take the floor to make a few observations on this subject.

We are getting into the same situation in which we were on the closing night of the first session of the 84th Congress. The distinguished Senator from Oregon [Mr. MORSE] had the floor at that time, and he courteously yielded to me. The history he has given to us this afternoon is exactly correct.

I should like to read for the record the statement which I made through the courtesy of the Senator from Oregon, who at that time said he would be glad to yield to me provided he did not lose the floor. I said, on August 3, 1955:

Mr. CARLSON. Mr. President, I ask unanimous consent that the Senator from Oregon may yield to me for a few minutes, without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARLSON. I appreciate the courtesy of the Senator from Oregon.

I sincerely hope that an executive pay bill can be approved at this session of Congress. Congress has voted increases in pay for Members of Congress. We have voted increases in pay for the legislative branch of the Government. We have voted increases totaling \$700 million for the salaried employees of the Government. Congress has voted increases of \$200 million for the postal employees of the Nation, and \$300 million for the classified workers of the Government.

Now we are asked in the closing hours of this session to vote \$1,500,000 for increases in pay for the executive branch of the Government. Frankly, I do not think it is fair to ask the executive branch of the Government to operate on their present basis.

I sincerely hope the distinguished Senator from Oregon will permit us to proceed at this time with the bill. I do not think there would be any difficulty in approving the proposed legislation, because the Senate might take the House bill, adopt it with some amendments, send it back to the House, and I am advised the House would accept it.

The distinguished Senator from Oregon and the distinguished Senator from Georgia are absolutely correct when they say there were no hearings. The bill came to the Senate on July 15. It was not the fault of the chairman of the Committee on Post Office and Civil Service, or of the ranking minority member, or of any other member. Frankly, I wish the bill had come to the Senate before that date, but that is the situation.

The President sent a letter to the Committee on Post Office and Civil Service and asked for the proposed legislation. We have tried to comply with that request, and I sincerely hope the Congress will not adjourn without passing the bill. I thank the Senator for yielding.

And so, Mr. President, we now find ourselves in almost the exact situation with respect to time. I still feel very strongly that this Congress should have acted upon the legislation last July. But the fact remains that no action was taken and the inequities created cannot

be cured nor alleviated through a reasonable retroactive clause. I sincerely urge the prompt passage of this legislation which is long overdue.

Mr. MORSE. Mr. President, I may say jocularly that since my last comment a couple of my colleagues have been ribbing me a little as to whether or not I am making a plea for a little retroactive pay for my opponent in the forthcoming campaign. That does not make any difference. I think he has it coming to him; and after November I think he is going to need it.

I still think I am making a sound argument on the equities, and from the standpoint of justice to these employees. I was responsible for the fact that they did not get a bill on the last night of the previous session. I will do exactly the same thing again as I did that night, because I think the committee has demonstrated the soundness of my position by the fact that long hearings were required. Extensive hearings were required to draft an acceptable bill. That shows how right I was in insisting on hearings.

I shall ask for a vote on my amendment, because I feel that I am morally committed to do so. I think it is a sound and just amendment. I submit the amendment.

Mr. MONRONEY. Mr. President, as I have previously stated, the final enactment of the bill will be endangered if this amendment is included.

In the second place, we shall be establishing a policy of retroactivity when we vote for retroactive pay for Cabinet members and top-salaried people. Such a policy would rise to plague us, and would cost the Government hundreds of millions of dollars in retroactive pay for those top-salaried employees. The only time retroactivity should ever be considered by the Senate is when our lowest paid employees have been discriminated against for many months because of a Presidential veto of legislation previously passed by the House and Senate.

Let us not do anything to set a pattern of retroactivity, or we shall be picking up 1 or 2 year's back salary.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I should like to ask the chairman of the committee a question on another subject.

It is reported to me that the Comptroller of the Currency, who is covered by this bill, receives not only his full salary, but a full pension by reason of a former Federal position held by him. I am advised that the committee was requested to look into this subject. If so, I should like to know, first, what it found, and, second, what it proposes to do to deal with the situation.

Mr. JOHNSTON of South Carolina. He does draw retirement pay. It is not from the Federal Government. It is from the Federal Reserve. It does not come from the Government.

Mr. MORSE. Does the Senator feel that it is sound and fair to provide him with that pension—that is what it is—and also the full salary provided in the bill?

Mr. JOHNSTON of South Carolina. We felt that the salary was for the position, and not necessarily for the man. He may leave the position tomorrow, or some other time. If the position did not carry the proper salary, special legislation would be required in the case of a new occupant of the position.

Mr. MORSE. When the Senator says the Comptroller of the Currency is receiving a pension from a retirement fund, does he mean that he is receiving it as the result of a former Federal position which he held?

Mr. JOHNSTON of South Carolina. It was a position with the Federal Reserve Bank. The money does not come from the Government.

Mr. MORSE. It does not come from the Treasury of the United States?

Mr. JOHNSTON of South Carolina. It does not come from the Treasury of the United States.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Is it not a fact that while the expenses of the Federal Reserve Banks are deducted from their earnings, the major portion of the residue is turned over to the Federal Government? So in effect the pension paid to this man by the Federal Reserve System diminishes the amount of the residual sums which otherwise would be turned over to the Government; and therefore most of it, in effect, comes from diminished revenues of the Federal Government?

Mr. JOHNSTON of South Carolina. The Senator from Illinois is entirely correct; but the retirement system would have to be changed if anything were to be done about the situation. We are not dealing with the retirement law at this time.

Mr. MORSE. Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MORSE. Are there instances of employees covered by the bill who are collecting pensions or retirement income from Federal sources as a result of previously held Federal positions, and who are now collecting salaries from the Federal Government?

Mr. JOHNSTON of South Carolina. There may be a few. Military retirement pay, of course, is exempted.

Mr. DOUGLAS. Is it not true that a large number of retired generals have been appointed to administrative positions? Are they drawing their military retirement pensions as well as their salaries?

Mr. JOHNSTON of South Carolina. My recollection is that there are about 15 of them in that category at the present time. There are in the Government service at the present time about 15 former military officers who are drawing pensions.

Mr. DOUGLAS. I saw a list the other day, and while I did not make a precise count, it seems to me that there were somewhere between 50 and 100 retired generals and admirals who had been appointed in the last 3 or 4 years to administrative positions or to commissions. It may be that not all of them are drawing retirement pay.

Mr. JOHNSTON of South Carolina. It will be necessary to exempt them from the law, I will tell the Senator, and to let them draw their pay, because Congress enacted that law.

Mr. MORSE. Mr. President, I call this matter to the attention of the chairman of the committee, the Senator from South Carolina, the Senator from Rhode Island, and the Senator from Oklahoma, because if I understand the situation correctly—and it has been represented to me to be the fact—I am disturbed by what I consider to be an unfairness.

Let us consider the social-security system, and the case of an old man or an old woman who wishes to earn a little money, in addition to the small payment he or she gets from the social-security system, perhaps to the extent of \$40 or \$50 a month for cutting the lawn or the raking of leaves in a neighbor's yard. Under existing law, that amount of money must be deducted from the social-security payments. We have been fighting for some time to try to make provision so that these old people, in addition to receiving the little pittance of social-security payments may earn and keep a few extra dollars over and above what they receive from the social-security system.

I understand from the Senator from Illinois—and he has confirmed what I previously understood—that there are in the Government employ a group of people, some of them retired generals or retired admirals, who apparently are in the employ of the Government and are receiving, in addition to their pay, retirement benefits from the Federal Government. Now we are about to increase their salaries substantially because they have been called back into Government service for some administrative work.

I cannot square the justice of our handling those two classes of employees, the one class that receives social-security payments, and the other the class of high-paid Government employees, who are allowed to collect their full salary and in addition collect their retirement pay. I should like to have an explanation of the equities involved in that kind of situation.

Mr. PASTORE. The Senator, of course, does not make a good point. However, he must realize that we are dealing with the Federal Retirement Act and also with certain positions, not with individuals. If we had gone into every individual case, I will say to the Senator, we would not have a bill before the Senate today. However, I call the attention of the Senator to section 13 (b) at page 70 of the bill, which reads:

(b) If an annuitant under this act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this act) hereafter becomes employed in an appointive or elec-

tive position subject to this act, annuity payments shall be discontinued during such employment and deductions for the retirement fund shall be withheld from his salary.

And so forth. Therefore, we do take care of most of those people. There may be some individuals who are getting some retirement pay under another system.

We did not go into all of these phases, but they should be looked into thoroughly. If we had undertaken to go into all of them, the pending bill would not be on the floor today; we would not have an executive pay bill.

We could not look into every situation, because it would involve a tremendous study; but at some time in the future such a thorough study should be made, particularly with respect to the military people who are receiving retirement pay and are also drawing salaries in positions with the Government. Such a study should be undertaken. We did not go into it thoroughly not because we were derelict in our duty, but because it was not intimately related to the work we were concerned with in connection with the pending bill.

Mr. MORSE. Mr. President, I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, we did not have this problem to this great extent until after the Second World War, when officers of the military forces were turned loose, so to speak. They are now getting jobs with the Government, and in some positions they can draw their salary and also their retirement pay for their military service. I believe we should look into this matter very thoroughly and stop paying them both retirement pay and their salaries. I believe we all agree to that. Frankly, I believe we are employing too many military men in civilian positions in the Federal Government.

Mr. MORSE. I yield to the Senator from Illinois.

Mr. DOUGLAS. I agree with what the Senator from Oregon has said. When the social-security bill was under consideration a few days ago I offered an amendment to the public assistance feature of the bill, to permit people on public assistance to earn up to \$50 a month without having such money deducted from their old-age assistance payments.

I was deeply disappointed that the administration, through HEW, vigorously opposed my proposal. I only wish that they would be one-half so zealous in getting at the double payments to the high-paid administrators, who are retired military officers, as they were in opposing the proposal to allow a poor man or a poor woman on old-age assistance to keep \$50 of earned income.

SEVERAL SENATORS. Vote! Vote!

Mr. MORSE. Mr. President, I merely wish to say, in conclusion, that I thank the Senator from Illinois. As has been pointed out, it is a very important principle concerning which we ought to be consistent in the enactment of legislation. It would be a non sequitur for me to take the position that because a wrong was done somewhere else in connection with other legislation, we ought to perpetrate a similar wrong in the pending bill.

However, I believe it is important that the Senate be informed of this principle, and ought to be a little more careful in protecting the interests of the people who need the money most. When we are making the fight for the old people and for the disabled people trying to obtain some increases in their pension benefits, let us keep in mind an hour such as this when we proceeded to vote salary increases to Government officials and employees who are already in the high-paid brackets in the Government service.

I am in favor of the proposed increases in the pending bill, because in this instance we are going to get good return for the expenditure.

In view of the general pay scale we have adopted, including the congressional pay scale, the employees whose salaries will be increased by the bill are entitled to them.

I close by saying that we have a long way to go in Federal legislation before we do justice to those who are receiving social-security benefits and those who are disabled. Much has been said about the great job we were supposed to have done because we established a 50-year age limit for disability in the bill the Senate passed the other day.

In my judgment the fact that we establish any age limit at all is a shocking thing, because when a fellow citizen under social security is disabled, he ought to get disability benefits immediately. If at age 38 he is disabled, and has a wife and three children, for example, he should not have to wait until he is 50 before he can get disability benefits. He ought to get them the next day, if social security is to carry out the social conscience on which it is supposedly premised.

That has no relation to the question of whether we should do justice on the pending bill. However, I wish to point out that we ought to be careful to apply the same standard of equity when we are dealing with those who are in the low-pay class that we apply when we are dealing, as we are today, to those in the high-pay class.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 7619) was read the third time and passed.

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate insist upon its amendment, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSTON of South Carolina, Mr. PASTORE, Mr. SCOTT, Mr. CARLSON, and Mr. JENNER conferees on the part of the Senate.

RENEWAL OF LICENSE TO USE CERTAIN LAND IN ST. MARYS FALLS CANAL PROJECT, MICHIGAN

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2693, House bill 8047.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8047) granting authority to the Secretary of the Army to renew the license of the Ira D. MacLachlan Post, No. 3, the American Legion, Sault Ste. Marie, Mich., to use a certain parcel of land in St. Marys Falls Canal project.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JOHNSON of Texas. Mr. President, I understand the bill has been cleared with the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, the Senator from Texas is correct, but I wish to make a brief statement concerning the bill, because it could become a very close question, so far as protecting the Federal interest is concerned. But I think it is adequately protected in the bill because of the equity.

What we are dealing with is a piece of Federal property on which a Federal building was located. It was leased in 1930 to an American Legion post. The American Legion post occupied the building. The building burned down, but, under the lease, the post had the obligation to replace the building. The original building was valued at \$7,000, and the building which the American Legion post built to replace the original building cost \$18,000. There is quite a difference in value.

This is a transaction which goes back to 1930. In 1930 it was the policy of the Federal Government to grant leases for this type of use without any rent being paid, but with a requirement on the part of the lessee to keep the buildings in repair and to replace them in case they were destroyed.

So, as I have studied the mathematics of the case, I would say that the Federal Government could not possibly lose if this bill were enacted into law, because of the great difference in the value of the building which the Legion has placed on the property and that of the original building. The Federal Government would still be ahead.

Mr. President, I make this statement so that no one can say in the future that MORSE let something get by that violated the MORSE formula. I shall never do that. In this instance the Federal Government is the one which has the advantage.

Mr. President, I have no objection to the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 8047) was considered, ordered to a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN LAND TO THE STATE OF TEXAS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 2691, Senate bill 3356.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3356) to direct the Secretary of the Navy or his designee to convey a 240 55/100-acre tract of land situated near the city of Grand Prairie in Dallas County, Tex., to the State of Texas.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. MORSE. Mr. President, this is another one of the bills thoroughly in line with the policy we have followed, because the Federal interest is the advantage it obtains from the National Guard training which will result from the use of the property.

I have no objection.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment, on page 7, line 9, after the word "now", to strike out "exist, including but not restricted to a public road easement heretofore granted along the west boundary of said airport and four additional tract easements for roadway purposes heretofore committed by the Secretary of the Navy and proposed to be granted in favor of Dallas County, Tex.," and insert "exist," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Navy or his designee is authorized and directed to convey by quitclaim deed, without consideration, to the State of Texas all right, title, and interest of the United States, except as retained in this act, together with all buildings, improvements thereon, and all appurtenances and utilities belonging or appertaining thereto, in and to two hundred forty and fifty-five one-hundredths acres of land situated in Dallas County, Tex., out of the McKinney and Williams survey, abstract numbered 1045 and the Elizabeth Gray survey, abstract numbered 517, near the city of Grand Prairie, and having been acquired in fee simple by the United States of America by declaration of taking filed August 4, 1942, in the United States District Court for the Northern District of Texas, Dallas Division, in the case of United States against 274.3 acres of land, Lou Foote, et al., civil numbered 699; and by declaration of taking filed October 20, 1943, in the aforesaid court in the case of the United States against 6.84 acres of land, Herman Waldman, et al., civil numbered 840, and said two hundred forty and fifty-five one-hundredths-acre tract of land being the major portion of the Grand Prairie Airport, formerly designated, outlying field numbered 26803, United States Naval Air Station, Dallas, Tex., being more particularly described as follows:

First tract: Beginning at the northeast corner of the W. C. May survey, abstract numbered 890, said corner being a Bois D'Arc fence corner post, being the upper L corner of the E. Gray survey, abstract numbered 517, and running thence north 89 degrees 26 minutes west along the south line of the said E. Gray survey, being also the north line of said W. C. May survey, 1,111.0 feet to a spike set in the centerline of a bridge over branch for southwest corner of the said E.

Gray survey being also at the southeast corner of the Tapley Holland survey, abstract numbered 644, from which a 1½-inch iron pipe bears south 89 degrees 26 minutes east 20 feet; thence north 0 degree 22 minutes 30 seconds east along the centerline of a 40-foot road locally called Twelfth Street Road at 2,123 feet, a jog in said road right-of-way increasing its width to 60 feet, at 2,529.1 feet a stake set for the northwest corner of the E. Gray survey and the southwest corner of the McKinney and Williams survey, abstract numbered 1045, continuing on said course and with the centerline of Twelfth Street and along the west line of said McKinney and Williams survey to a total distance of 4,113.95 feet to a ¾-inch iron pipe set in the centerline of said Twelfth Street on the south line of Jefferson Avenue, from which a cedar fence corner post bears north 81 degrees 39 minutes 30 seconds east 30.2 feet; thence north 81 degrees 39 minutes 30 seconds east along the south line of Jefferson Avenue 1,936.48 feet to a point of circular curve; thence on a curve to the left having a radius of 2,864.93 feet through a central angle of 17 degrees 02 minutes a distance of 851.66 feet to ¾-inch iron pipe, being the northwest corner of Indian Hills addition to the city of Grand Prairie, Texas, as recorded in the Dallas County records; thence south along the west line of said Indian Hills addition 2,117.6 feet to a ¾-inch iron pipe at the southwest corner of said addition in the south line of the McKinney and Williams survey, being also the north line of the E. Gray survey; thence north 89 degrees 34 minutes west along the north line of said E. Gray survey, 63.13 feet to a 1¼-inch iron pipe; thence south 0 degree 33 minutes 30 seconds west along the Old Turn Row 2,683 feet to a 3-inch cedar stake set in the east and west fence on the south line of the E. Gray survey; thence north 89 degrees 34 minutes 30 seconds west along the said south line of the E. Gray survey, 1,557.3 feet to a Bois D'Arc fence corner post of the lower L corner of said E. Gray survey; and thence north 0 degree 02 minutes west along the east line of the W. C. May survey and with old fence lines 138.4 feet to the place of beginning and containing 273.64 acres of land, of which 159.83 acres are located in the E. Gray survey and 113.81 acres are located in the McKinney and Williams survey, except that portion of land containing 40.3 acres and more particularly described as follows:

Beginning at the northwest corner of the Indian Hills addition (abstract 1045) to the city of Grand Prairie, Texas, as recorded in volume 7, page 368, of the plat records of Dallas County, Texas; said corner being in the south right-of-way line of Jefferson Avenue, and being the northwest corner of lot 1, block 1, of said Indian Hills addition; thence in a southwesterly direction along the south right-of-way line of Jefferson Avenue, and along a circular curve to the right having a central angle of 17 degrees and 2 minutes and a radius of 2,864.93 feet a distance of 851.66 feet to the point of tangency for said curve; thence south 81 degrees 39 minutes 30 seconds west 721.14 feet to a ¾-inch iron pipe for corner; said corner being in the south right-of-way line of Jefferson Avenue; thence south 08 degrees 20 minutes 30 seconds east 330.0 feet to a point for corner; thence in a southeasterly direction 2016.45 feet to a 1¼-inch iron pipe for corner; said corner being the northwest corner of the Indian Hills Park addition (abstract 517) to the city of Grand Prairie, Tex., as recorded in volume 17, page 365, of the plat records of Dallas County, Tex.; and the northwest corner of lot 17, block 9, of said Indian Hills Park addition; thence south 89 degrees 34 minutes east along the north line of lot 17, block 9, of said Indian Hills Park addition 63.13 feet to the southwest corner of the

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on the items for this Department is indicated in the attached table.

53. PERSONNEL. Conferees were appointed on H. R. 7619, the executive pay increase and civil service retirement bill. Senate conferees were appointed on July 20. p. 12602

The Post Office and Civil Service Committee reported with amendment S. 2875, to revise the Civil Service Retirement Act (H. Rept. 2854). p. 12661

The Rules Committee reported a resolution for the consideration of S. 3481, to amend the Foreign Service Act of 1946, so as to increase the salaries and provide other benefits for employees in the Foreign Service. p. 12662

54. CUSTOMS. Received and agreed to the conference report on H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws (H. Rept. 2866). p. 12654

55. WATERSHEDS. Conferees were appointed on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. Senate conferees were appointed July 20. p. 12657

56. FARM LOANS. Received the conference report on H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. The conference report includes the following provisions: Eliminates limitation on refinancing loans to part-time farmers for debts against the real estate; authorizes insurance of loans not to exceed \$15,000 for general farm improvement on farms requiring no more than three families; further clarifies eligibility for FHA loans, by eliminating reference to prevailing rates of interest in excess of 5% as a criteria for eligibility; provides that "improvement or refinancing loans (as distinguished from acquisition or enlargement loans) may be made with respect to farms above the "average value" level"; authorizes insurance of second mortgage loans on real estate; accepts the Senate formula for determining the maximum amount of operating loans; authorizes the extension of production loans in hardship cases to ten years from date of loan, without regard to criteria of determined disaster areas; and extends the "economic disaster" loan program for two years and provides an additional \$50 million in loan funds (H. Rept. 2869). p. 12657

57. FLOOD INSURANCE. Began debate on S. 3732, to provide insurance against flood damage. pp. 12633, 12637

58. WOOL IMPORTS. The Ways and Means Committee reported with amendment H. R. 12227, to amend certain provisions of the Tariff Act of 1930 relative to import duties on wool (H. Rept. 2868). p. 12662

59. LANDS. The Interior and Insular Affairs Committee reported without amendment H. R. 12185, to provide that withdrawals or reservations of more than 5,000 acres of public lands of the U. S. for certain purposes shall not become effective until approved by act of Congress (H. Rept. 2856). p. 12661

60. HOUSING. The Rules Committee reported a resolution for the consideration of H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. 12662

The "Daily Digest" states the Rules Committee cleared for consideration H. R. 12328, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. D856

61. RECLAMATION; ELECTRIFICATION. Agreed to the conference report on S. 497, to authorize the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nev. and Calif. p. 12603

62. **CONTRACTS.** Agreed to the Senate amendments to H. R. 11947, to amend and extend the Renegotiation Act of 1951. This bill is now ready for the President. p. 12603
63. **TARIFFS.** Passed as reported H. R. 12254, to extend until March 1, 1958, the time in which the Tariff Commission is directed to complete its study and report with respect to recommendations for simplifying our tariff structure as provided in Public Law 768, 83d Congress. p. 12656
64. **LEGISLATIVE PROGRAM.** Rep. McCormack announced the following program for July 23-27: Monday, Consent Calendar and the following bills under suspension of the rules - omnibus rivers and harbors and Army flood control projects bill, Federal Construction Contract Act relating to subcontractors bill, migrant farm laborers transportation bill, Foreign Service Act amendments bill, International fairs and festivals bill, cranberries marketing bill, Great Plains conservation bill, and USDA point-of-order bill; balance of the week - civilian atomic power bill, second supplemental appropriation bill, housing bill, power rates on Federal projects bill, Farwell reclamation project bill, minimum wages in territories and possessions bill, marketing facilities loan insurance bill, wool import bill, and Fryingpay-Arkansas reclamation project bill; Thursday - Private Calendar. p. 12637
65. **ADJOURNED** until Mon., July 23. p. 12661.

SENATE (continued)

66. **APPROPRIATIONS.** S. Doc. 143 includes the following items for this Department: Acquisition of Lands for Cache National Forest, \$50,000, to remain available until expended; Salaries and Expenses, Farmers' Home Administration, \$1,400,000; and Salaries and expenses, Office of the General Counsel, \$85,000. The latter two items are contingent upon the enactment of pending legislation to amend Titles I and II of the Bankhead-Jones Farm Tenant Act which would substantially broaden the authority for loans thereunder.

ITEMS IN APPENDIX - July 21

67. **SURPLUS COMMODITIES.** Rep. Gavins inserted a two part newspaper article with an editor's note explaining "how world-wide commodity sales operations of surplus farm products acquired in its agricultural price-support programs gets Uncle Sam foreign money, and how he spends it abroad. pp. A5748, A5746
68. **SOIL BANK.** Rep. Hill inserted a newspaper article, "Five Hundred and Ninety-Two Thousand Five Hundred and Three Acres Colorado Land in Soil Bank." p. A5748
69. **SOCIAL SECURITY.** Rep. Cooper inserted a summary of the principal provisions of the conference agreement on H. R. 7225, the social security amendments bill. p. A5755
70. **STOCKPILING.** Rep. Multer inserted a newspaper article, written by Willard Rockwell, a former special assistant to Secretary of Defense Wilson, "Stockpiling Opposed-- Government's Actions Said To Cause Severe Loss To Small Business." p. A5758
71. **LEGISLATION.** Extension of remarks of Rep. Tollefson commenting on some of the bills passed by the Congress this session, including national debt, appropriations, revised farm program. p. A 5759

LIBERALIZED CIVIL SERVICE RETIREMENT BENEFITS

JULY 21, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MURRAY of Tennessee, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany S. 2875]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2875) to revise the Civil Service Retirement Act, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

The committee amendment strikes out all after the enacting clause in the bill as passed by the Senate and substitutes therefor language which appears in the reported bill in italic type. The effect of the amendment is more fully explained in the section-by-section analysis of the bill.

SUMMARY OF MAJOR CHANGES

This legislation greatly liberalizes retirement benefits of Federal employees at no cost to them. The value of the added benefits is estimated at \$260 million a year. The major new benefits are:

Employee deductions are maintained at 6 percent and those of Members of Congress are increased to 7 percent.

The formula for computing annuities will be 1 percent plus \$30 or 1¼ percent of average salary, multiplied by years of service, whichever is greater.

An employee electing a survivorship annuity will have his annuity reduced by 3 percent of the first \$2,400 and 10 percent of the balance, instead of the present reduction of 5 percent of the first \$1,500 and 10 percent of the balance.

An employee reaching age 62 after 5 years of service will be eligible for optional retirement and election of survivor benefits. Present law provides annuity after 5 years of service but requires 15 years of service for election of survivor annuity.

The present right to retire on a reduced annuity at age 55 after 30 years of service is continued.

The reduction factor for retirement before reaching age 60 is changed from 3 percent to 1½ percent a year for each year under age 60.

Disability retirement benefits are liberalized by providing a minimum of the lesser of 40 percent of the average salary or the annuity which would have been earned at age 60.

An annuity will be granted upon involuntary separation after attaining age 50 with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service regardless of age will be continued.

The legislation will be effective on the first day of the first month beginning more than 60 days after enactment.

STATEMENT

The reported bill represents, in the judgment of the committee, a realistic and at the same time very generous approach to the problem of making necessary adjustments in the retirement benefits of Federal employees while improving the financial soundness of the civil service retirement fund. The committee held 7 days of hearings on S. 2875 and a number of companion House bills, at which representatives of every major employee organization testified and submitted their recommendations. The views of the administration were presented by the Civil Service Commission in the form of a proposal for liberalizing retirement benefits which are largely incorporated in the reported bill, with certain adjustments to provide somewhat greater benefits in several areas.

The committee has given recognition, in approving this legislation, to the fact that annuities and benefits of retired employees have been greatly liberalized over the past few years without any comparable improvement in the retirement benefits of active employees who will retire in the future. Annuitants were granted a temporary increase by Public Law 555, 82d Congress, which was made permanent in the 83d Congress. Their annuities were further increased by 12 percent on the first \$1,500 and 8 percent on all over \$1,500, with a ceiling of \$4,104 beyond which the increase was not effective, by Public Law 369 of the present Congress. There has been no major adjustment in retirement benefits of active employees since 1948.

The reported bill will bring the retirement estates of Federal employees into closer alinement with improvements in retirement systems both in and out of the Federal Government. It is the purpose of the committee in reporting this bill to bring to the House of Representatives a retirement bill in such a form as finally will become law. The provisions of this legislation are liberal yet will not create an undue drain on the civil service retirement fund which would endanger its soundness.

FINANCIAL STATUS OF THE CIVIL SERVICE RETIREMENT FUND

The financing of the civil service retirement and disability fund has deeply concerned the committee for some time past. The committee has conducted an extensive study of this problem and the results of the study, including recommendations, were submitted to the House

of Representatives and printed in House Report No. 1844, 84th Congress.

Section 2 of Public Law 555, 82d Congress, contained the recommendation of this committee for the creation of a Committee on Retirement Policy for Federal Personnel to study all Federal retirement systems. That committee was directed, among other things, to make recommendations for adequate financing.

The results of these studies clearly demonstrate that any further liberalization of retirement benefits for Federal employees would seriously endanger the financial soundness of the fund unless accompanied by firm provisions for adequate financing. The reported bill carries out this policy. It grants substantial increases in retirement benefits but contains, also, provisions for financing the retirement fund which, if carried out, will, for the first time, assure its continued maintenance on a sound financial basis.

The committee concluded, as a result of its study, that there are three essentials to proper financing of the retirement fund. They are (1) employee contributions in amounts properly related to the benefits provided and to present-day standards of other staff annuity systems both in and outside of the Government, (2) equal contributions by the Government, as payroll costs of each department and agency, and (3) appropriations by the Government to the fund in amounts which, when added to such contributions by the employees and matching contributions by the Government, will place in the fund each year the sum required to maintain it on a "normal cost plus interest" basis, as this term is defined in section 16 (f) of the section-by-section analysis of the bill.

The normal cost plus interest method of financing the retirement fund is recommended by the Board of Actuaries of the Civil Service Retirement, and Disability Fund, the Committee on Retirement Policy for Federal Personnel, and independent actuarial and retirement authorities. It is the traditional basis of appropriation estimates by the Civil Service Commission for financing the fund.

In essence, the normal cost plus interest method of financing means that appropriations will be made to the retirement fund each year in an amount sufficient to cover that part of the Government's share of the current year's accrued normal costs not met by agency contributions and, in addition thereto, interest on the past deficiency in the fund. When added to the employees' and agencies' contributions, such appropriations will maintain the fund on a sound basis and the present deficit (\$13,435 million at June 30, 1955) will not be further increased.

The Civil Service Commission estimates that if the reported bill is enacted an appropriation of \$566 million will be necessary for each fiscal year to maintain the fund on a normal cost plus interest basis. Such appropriation will consist of \$79 million in normal, or current, cost and \$487 million of interest on the past deficit. The fund will also receive \$537 million from employee deductions and a like amount from agency contributions.

It is emphasized that this payment by the Government of \$566 million for annual costs necessary to maintain the fund on a sound basis is over and above the share contributed by the Government, as a payroll cost of each department and agency, in matching the employees' contributions. In other words, the Government needs to

pay such amounts into the fund each year apart and aside from its matching contributions.

There has been widespread misconception, also, of the true nature of the past deficiency in the fund on which interest must be paid by the Government—represented by the \$487 million, set forth above, which must be appropriated each year for such interest. The misunderstanding arises with respect to the reasons for existence of the deficiency. There is evident misapprehension that it has resulted solely or primarily from failure by the Government to make its normal contributions in the past. This is not the fact.

The major portion of the deficiency results from two circumstances. First, when the civil-service retirement system was established benefits were provided, and have been paid over the years since, to retiring employees related to long periods of service during which there was no retirement system and no employee contributions were made. Moreover, during the entire history of operations of the present retirement act there have been constantly recurring increases in benefits paid from the fund without adequate provision for financing such benefits. Each such increase in benefits, without commensurate provision for financing, tends to drain the assets of the fund since the increases in payments therefrom have far exceeded any increment to the fund. The result has been to superimpose still greater deficiencies on top of the original deficiency created by the "starting load" in getting the civil-service retirement system underway many years ago.

The deficiency in the fund, therefore, has represented a potential obligation of the Government which has grown through the years to a point where it became essential to cut off further enlargement of the deficiency and to establish, once and for all, a sound financial basis for the retirement system. This is accomplished by the financial provisions in the reported bill, which are based on the committee and other studies discussed in this report.

The reported bill contains the three essentials for financing the retirement fund on a normal cost plus interest basis. It provides that each department and agency will match the contributions of its employees, and requires the Civil Service Commission to submit annual estimates of appropriations necessary to finance the fund on a normal cost plus interest basis and to continue the retirement system in full force and effect. It also requires the Commission to publish an annual report upon retirement operations and to include in each such report a statement with respect to the status of the fund on a normal cost plus interest basis.

The foregoing and certain other fiscal adjustments will greatly strengthen the financing of the retirement fund and assure its soundness in the future. In the judgment of the committee the benefits granted in this bill are the maximum benefits that could be granted Federal employees on a reasonable and realistic basis within the limits of sound financing.

EMPLOYEES' RETIREMENT BENEFITS

1. Increased annuities

Each employee retiring after the effective date of the reported bill will have an annuity computed at 1¼ percent of his highest 5-year average salary, or 1 percent of such salary plus \$30, multiplied by

total years of service, whichever is the greater. Presently the annuity is computed at only 1½ percent of high average salary, or 1 percent of such salary plus \$25, multiplied by years of service, whichever is greater. No annuity will exceed 80 percent of the high average salary.

The following examples illustrate the value of the liberalized annuity formula:

An average postal employee who retires optionally in January 1957, at age 55 after 30 years of service will have an average salary of \$4,486 and a life expectancy of 19.8 years. His contributions to the retirement fund will total \$5,851, including \$1,808 of interest earnings. If he elects to provide a survivor annuity for his wife, his annuity will be \$2,112 and that of his widow will be \$1,092. Under present law his annuity would be only \$1,668, and that of his widow \$888. Thus, the reported bill will increase this employee's annuity by more than 26 percent, and that of his wife by 23 percent. He will receive a total benefit of \$41,817 during his life expectancy, in return for an investment of \$5,851.

Similarly, an average postal employee who retires in January 1957, at age 60 after 33 years service will have an average salary of \$4,486 and a life expectancy of 16.3 years. He will have contributed \$6,126 to the retirement fund, including \$1,892 of interest earnings. If this employee, too, provides a survivor annuity for his wife, his annuity will be \$2,496, compared to \$2,220 under present law, and his widow's annuity will be \$1,296, compared to \$1,152 under present law. This employee will receive a total benefit of \$40,684 during his life expectancy in return for a total investment of little over \$6,100.

Annuities of employees in hazardous occupations will continue to be computed at 2 percent of the high average salary multiplied by years of service, but the present limitation of 30 years of creditable service for these employees is replaced by the more liberal maximum on annuities of 80 percent of average salary. These employees also will receive the other benefits of the reported bill, as discussed hereafter. Eligibility for such retirement is extended to employees of the Bureau of Federal Prisons and Federal Prison Industries, Incorporated; to Public Health Service officers and employees assigned to the field service of the Bureau of Prisons or the field service of Federal Prison Industries, Incorporated; civilian employees in the field service at military disciplinary barracks, and to officers and employees of the District of Columbia Department of Corrections, its industries and utilities, whose duties require frequent direct contact with persons in criminal detention.

2. Optional retirement

The reported bill continues optional retirement upon attaining age 60 after 30 years of service, but reduces from 15 years to 5 years the required service for optional retirement at age 62. It continues the existing provision for optional retirement upon attaining age 55 after 30 years of service, with the annuity reduced on a sliding scale according to the number of months the employee is under age 60 at time of retirement.

The reduction for optional retirement before attaining age 60 is halved, however, and an employee retiring before that age will have his annuity reduced by only one-eighth of 1 percent for each month he is under age 60 at retirement, whereas under present law the an-

nuity is reduced by one-fourth of 1 percent for each such month under age 60.

3. Involuntary separation

The reported bill authorizes an immediate annuity to any employee who is involuntarily separated after having attained the age of 50 years and completed 20 years of service, or who is involuntarily separated after having completed 25 years of service regardless of age. The annuity in each such case will be reduced by one-eighth of 1 percent for each full month the employee is under age 60 at the time of retirement.

4. Disability retirement

The reported bill establishes a minimum for annuities of employees retired due to disability after having completed 5 years of service. This provision is consistent with a recommendation of the Committee on Retirement Policy for Federal Personnel. The disability annuity will be the lesser of 40 percent of the employee's high 5-year average salary or the annuity which he would have earned had he continued in the service until attaining age 60. This provision will not increase the annuity of any survivor.

5. Survivorship benefits

Under the reported bill the widow or widower of an employee who dies in service after 5 years of service will receive an immediate annuity equal to 50 percent of the employee's earned annuity, beginning the month after the employee dies and terminating upon the survivor's death or remarriage. Presently there is no widower's annuity and the surviving widow's annuity begins when she reaches the age of 50, or immediately if the employee is survived by children eligible for annuity.

The reported bill reduces from 15 to 5 years the service that must have been rendered for an employee to elect, at time of nondisability retirement, to provide a survivor annuity for the spouse. When such an election is made, the annuity of the employee will be reduced by 3 percent of the first \$2,400 and 10 percent of the balance. The reduction under present laws is 5 percent of the first \$1,500 and 10 percent of the balance. This provision will materially aid those who retire on smaller annuities. For example, an employee retiring with a \$1,500 annuity will take a reduction of only 3 percent of his entire annuity, or \$45, to provide a survivor annuity for his wife, whereas under present law he must take a reduction of 5 percent on the entire annuity, or \$75, as well as a further reduction of three-fourths of 1 percent for each year his wife is under age 60 when he retires (subject to a maximum reduction of 25 percent) to provide the survivor annuity.

Upon death of any employee after 5 years of service, or of any retired employee, survived by a widow or widower and a child or children, the annuity of each surviving child who received more than one-half of his support from the employee or retired employee will be the lesser of (1) 40 percent of the employee's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If children alone survive, the annuity of each will be the lesser of (1) 50 percent of the employee's salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children.

6. *Lump-sum benefits*

The reported bill provides that an employee who is separated from the service or transferred to a position not under the Civil Service Retirement Act shall be paid his lump-sum credit in the retirement fund—regardless of the length of his service—if his separation or transfer occurs and he applies for the refund not less than 31 days before the earliest beginning date of any annuity for which he is eligible. Such an employee could upon return to a position subject to the act receive credit for the prior service upon redeposit of the amount refunded to him. Each present or former employee may designate a beneficiary or beneficiaries to receive the lump-sum payment standing to his credit in the event of his death, in the same order of precedence provided by present law.

7. *Additional annuities*

The substance of present authority to purchase additional annuity by voluntary contributions is continued under the reported bill.

8. *Reemployment of annuitants*

The reported bill authorizes reemployment of annuitants in any appointive position for which they are qualified, to serve at the will of the appointing officer. An annuitant so reemployed, including one serving on the date of enactment of the bill, will have his reemployment service covered by the act, but will not make contributions to the retirement fund during the employment service. Instead (except for purposes of computing any lump-sum leave payment under the Lump-Sum Leave Act of 1944 to which a right accrued to any retired employee separated from reemployment after December 15, 1953) his reemployment salary will be reduced by the amount of the annuity applicable to the period of reemployment. If the reemployment is on a full-time basis for at least 1 year and is not excluded from coverage of the bill, his annuity will be increased by an annuity based on the reemployment service and the gross salary he earned during reemployment, with a reduction if he fails to make deposit to cover his reemployment service. The lump-sum leave credit will not be reduced by the amount of annuity applicable to the period of reemployment.

BENEFITS OF CIVIL SERVICE RETIREMENT EXTENDED TO CERTAIN GROUPS OF EMPLOYEES

The reported bill brings two additional groups of Federal employees under the Civil Service Retirement Act.

United States commissioners will be eligible for civil-service retirement benefits under certain conditions spelling out minimum annual earnings and periods of service. Heretofore United States commissioners have been excluded from civil service retirement coverage because their compensation is on a fee basis and the Comptroller General of the United States has ruled that such compensation, under present law, does not come within the purview of the present civil-service retirement law. The language in the reported bill has been worked out in cooperation with the Civil Service Commission and the General Accounting to remove this objection, and has the approval of those agencies. These United States commissioners are in every

sense employees of the Federal Government, and those who meet the conditions in the reported bill should receive the benefits of the civil-service retirement system.

Similarly, members of the faculties of the United States Naval Academy and the United States Naval Post Graduate School in fact are Federal employees and, except for a specific provision of law, would now be under civil-service retirement. The act of January 16, 1936 (34 U. S. C. 1073-1073f) provides a separate retirement system for these faculty members, under which deductions are made from their salaries and matched by the Government, to purchase annuities from the Teachers Insurance and Annuity Association, a private insurance organization. The act is administered by the Department of the Navy.

The Teachers Insurance and Annuity Association has agreed to repurchase these annuities, but the offer will expire at the end of the present session of Congress and, it is said, will not be renewed. Under the reported bill, the amounts paid by the association to repurchase the annuities must be paid into the civil-service retirement fund within 6 months, and the faculty members making such payments then will be fully covered by civil-service retirement for their periods of service. Annuities of faculty members already retired under the present law will continue to be paid by the association.

Extension of civil-service retirement coverage to these faculty members is based on an official request. Separate legislation to accomplish the purpose, H. R. 9085, was passed unanimously by the House and is pending in the Senate. However, that legislation relates to the present Civil Service Retirement Act, and inclusion of the language thereof in the reported bill is necessary since the bill rewrites that act.

PROTECTION OF EMPLOYEES SEPARATED BEFORE COMPLETING 5 YEARS OF SERVICE

In the consideration of this legislation the committee has recognized a serious deficiency in the law with respect to protection of employees who are separated, by death or otherwise, before having completed 5 years of service. The completion of 5 years of creditable service is an absolute requirement for entitlement to benefits under the present civil-service retirement system. Thus, an employee separated before completing 5 years of service is entitled to withdraw his contributions to the retirement fund, with interest, and nothing more. Neither he nor his dependents receive any real protection in line with the staff annuity purpose of the retirement system.

The committee views with sympathy the problems of employees who fall in this category and believes that appropriate provisions should be worked out and incorporated in the Civil Service Retirement Act to provide at least minimum protection for such employees and their survivors. It is felt that legislation to provide these employees and survivors minimum social-security benefits will be appropriate and will give them adequate protection not now afforded by either the civil-service retirement plan or the Social Security Act.

In view of the lateness in the session and the complexities of working out legislation to accomplish the purpose, however, the committee decided that it is not desirable to delay legislation to liberalize civil-service retirement benefits in order to make the necessary changes at this time. Accordingly, it was decided to postpone action to close

this gap in retirement provisions for Federal employees with the understanding that the Civil Service Commission will study the feasibility of providing, for short-service employees, a plan for transferring credits between the Civil Service Retirement Act and the Social Security Act. The Commission will submit its report to the committee before January 3, 1957, together with a draft of legislation to carry out the objective of extending to these short-service employees, by transfer of credit, the basic protections of the Social Security Act. The committee expects that the proposal will incorporate these basic principles:

The Committee strongly recommends that legislation with this objective receive prompt consideration and become law at the earliest practicable date in the new Congress.

GENERAL AND ADMINISTRATIVE PROVISIONS

The reported bill continues in effect the substance of present law relating to methods and procedures for payment of annuities, exemption of annuities from legal process, and administration of the civil-service retirement system. It is to be observed, as pointed out above, that the Civil Service Commission is required to publish an annual report upon the operations of this legislation and including therein a statement with respect to the status of the civil-service retirement fund on a normal cost-plus-interest basis. This is consistent with the recommendation of the House Post Office and Civil Service Committee contained in House Report No. 1844, 84th Congress. As previously noted, a separate provision directs the Commission to submit estimates of the appropriations necessary to finance the civil-service retirement and disability fund on a normal cost-plus-interest basis and to continue the Civil Service Retirement Act in full force and effect. It is the intent of the committee in approving this provision that the words "appropriations necessary" mean the entire amount which it is necessary that the Government contribute to the fund—over and above the amount of employees' contributions and equal Government contributions required by the reported bill—to finance the fund on a normal cost-plus-interest basis and to continue operation of the act into infinity without weakening its financial structure. It is also the intention of the committee that the term "normal cost-plus-interest basis" shall mean the payment to the fund of the Government's annual required contribution and, in addition thereto, interest on the past deficiency in the fund, giving recognition to the fact that it has been the traditional policy of the Civil Service Commission to submit its estimates of appropriations necessary to finance the fund upon the normal cost-plus-interest basis.

PRIOR CIVIL SERVICE RIGHTS

The reported bill continues existing rights of former employees who have retired under the present retirement law and of their survivors.

FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUTSIDE OF THE UNITED STATES TO AVOID PROSECUTION

The reported bill includes a provision to strengthen the act entitled "An act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes"

(68 Stat. 1142). It amends that act by prohibiting payment of any annuity to an officer or employee under indictment for an offense within the purview of the first section of such act who willfully remains outside of the United States for over 1 year after the date of enactment to avoid prosecution, unless the indictment is nolle prossed or dismissed or the person is found not guilty after trial.

CIVIL SERVICE COMMISSION REPORTS

The reports of the Civil Service Commission on this legislation follow:

SECTIONAL ANALYSIS OF THE BILL

Section 1 of the bill amends the Civil Service Retirement Act in its entirety. The basic changes made in each section of the Retirement Act as rewritten are as follows:

SECTION 1. DEFINITIONS

Various terms used throughout the existing law are accompanied either by definitions or by reference to a section which defines them. In other instances, regulations, precedent, and administrative rulings are relied upon for the meaning of the terms used.

Present meanings of terms are changed as follows:

Section 1 (b)

1. "Member [of Congress]" presently includes only a Senator, Representatives in Congress, Delegate from a Territory, and the Resident Commissioner from Puerto Rico. The bill includes the Vice President within this definition, so as to extend to that officer for the first time the option of participating in the retirement system on the same basis as a Member of Congress.

Section 1 (d)

2. "Basic salary" is defined under present law to permit the use of military pay in the computation of retirement benefits. The bill would bar the use of military pay for this purpose. Under the Senate version, military pay would be barred for this purpose only in the cases of persons entering active military service after the act's effective date.

Section 1 (e)

3. "Average salary" for computing the annuities of all officers and employees except Members of Congress is presently the annual average of basic salary received during any 5 consecutive years of allowable service the individual may choose. For Members of Congress it presently consists of the annual average of all salary received for service being credited which was performed on or after August 3, 1946, up to date of separation. The bill, by definition of this term, would allow Members to select either the service from August 3, 1946, or any 5-consecutive-year period, for determining average salary. The Senate version would have made the 5-year period applicable in all Member cases.

Section 1 (j)

4. "Child" is defined under present law to allow automatic survivor annuity benefits to certain unmarried surviving children who are over

age-18, if incapable of self-support by reason of physical or mental disability. The bill continues the present law in this regard, but adds the further condition that such child's disabling condition must have been incurred prior to age 18, in order to be eligible for the annuity.

Section 1 (l)

5. Under present law, lump-sum payments include retirement deductions, sums deposited by an employee or Member and interest on such deductions and deposits to the date of separation or to the date of entitlement to a deferred annuity or date of death, whichever is earlier except that no interest accrues if the service covered thereby aggregates 1 year or less. The bill defines "lump-sum credit" to end the practice of crediting interest after December 31, 1956.

SECTION 2. COVERAGE

Section 2 (a) (2)

This would extend retirement coverage to United States commissioners, which officials are not now covered, after they have earned \$3,000 or more for each of 3 successive calendar years. The Senate version did not incorporate this provision.

Section 2 (b)

Existing law excludes from coverage "elective officers in the executive branch of the Government." The bill, to avoid a conflict of provisions in its extension of retirement coverage and benefits to the Vice President, makes this specific exclusion applicable simply to "the President." Judges of the United States (as defined in sec. 451, title 28, U. S. C.) are not now specifically excluded. Contrary to the view of the Commission, the judicial conference in March 1950 expressed the opinion that these judges are not subject to the act. The bill clarifies their status by specifically excluding them.

Section 2 (e)

Under present law the President has authority to exclude executive branch employees whose tenure is intermittent or of uncertain duration. This authority has been delegated to the Civil Service Commission by Executive Order 10530. The bill confers this authority directly upon the Civil Service Commission, adding similar authority as regards District of Columbia employees where the District of Columbia Commissioners so recommend. The Senate version would have barred the exclusion of any employee once he had completed 9 months of continuous service.

SECTION 3. CREDITABLE SERVICE

Section 3 (a)

At present, all periods of separation from the service are excluded from credit for retirement purposes. The bill would exclude only those periods of separation which exceed 3 days.

Section 3 (b)

The present law bars credit generally for military service if the employee is receiving retired pay by reason thereof. However, the military service is credited if the retired pay was granted by reason of a service-connected disability (1) incurred in combat with an enemy of the United States or (2) resulting from an explosion of an instrument of

war, or was awarded under title III of Public Law 810, 80th Congress. The bill will extend item (2) above to allow the military credit if the disability is caused by an instrumentality of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part 1, paragraph 1. The Senate version would have required for credit purposes only a service-connected disability incurred in line of duty in lieu of items (1) and (2).

Section 3 (d)

At present, an employee leaving his civilian position to enter military service is for retirement purposes considered as in a furlough status from his civilian position regardless of the length of his military stay. The Senate version would retain this provision. The bill now provides that he be taken off the civilian rolls after 5 years' such absence, but this would not retroactively operate to separate anyone before December 31, 1956.

Section 3 (g)

Except in death cases, existing law requires at least 1 year of creditable civilian service subject to the act within the 2-year period preceding separation before any title to annuity may exist based upon the separation; failure to meet this requirement does not take away any annuity right which may have existed based upon a previous separation. The bill would retain this provision. The Senate version would make this requirement inapplicable also in cases of employees becoming disabled before serving the 1 year.

Section 3 (i)

Credit for United States commissioner service is not now allowable. The bill changes the present law and the Senate version to grant such credit on the basis of one three-hundred-and-thirteenth of a year for each day on which a commissioner performs some service.

Section 3 (j)

The bill would incorporate a provision contained in H. R. 7089, enrolled enactment "To provide benefits for the survivors of servicemen and veterans, and for other purposes." Under this provision, military service, other than that covered by military leave with pay from a civilian position, performed after December 1956, is excluded from retirement credit if the employee, or his widow or child, is currently entitled or would upon application be entitled to monthly benefits under section 202 of the Social Security Act based on the employee's wages or income. The Senate version does not carry this provision.

SECTION 4. DEDUCTIONS AND DEPOSITS

Section 4 (a)

Effective from the first day of the first pay period beginning after its effective date, the bill raises the rate of retirement deductions for Members only from the present 6 to 7 percent of basic salary. The bill also newly requires that effective from the first day of the first pay period beginning after June 30, 1957, each department or agency shall contribute to the retirement fund amounts equal to the deductions currently withheld from the salaries of its employees, including Members of Congress, subject to the act. The Senate version proposed 7 percent deductions in the case of employees and 8 percent for Members.

Section 4 (d)

Under present law when an employee in a position subject to another retirement system, transfers to a position subject to the Civil Service Retirement Act, he receives credit for time in the first position whether or not he makes an appropriate deposit to the retirement fund for such period of time.

The bill requires each Member or employee who had received a refund of retirement deductions under another retirement system to redeposit such refund with interest before any credit would be allowed under the Retirement Act for service covered by the refund.

Section 4 (e)

Under existing law no interest is required covering periods of separation from the service in the case of deposits made by employees to cover periods for which no deductions were made or for which a refund was received. The bill provides that interest must be paid for periods of separation from the service as well as for periods of service. Interest would thus be charged for all periods during which the employee enjoyed the use of the money. The retirement fund would be earning interest on the money if it had been deposited into the fund.

SECTION 5. MANDATORY SEPARATION

Section 5 (d)

Present law provisions, which are retained in the Senate version, exempt from mandatory separation employees in the judicial branch of the Government. The bill proposes to require the separation of these employees on the same basis as employees in the executive branch—upon reaching age 70 and completing 15 years' service.

SECTION 6. IMMEDIATE RETIREMENT

Section 6 (b)

Under present law a reduced annuity is paid upon separation for any reason after attaining age 55 and serving 30 years. The bill retains this provision. The Senate version would have eliminated the age requirement, thereby permitting the 30-year employee to retire at any age.

Section 6 (c)

Under existing provisions relating to the retirement of employees whose duties are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, the Civil Service Commission is required to give full consideration to the degree of hazard to which the employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by the employee. Under the bill the head of a department or agency would likewise be required to give consideration to these factors in recommending retirement of an employee under these provisions.

Section 6 (d)

Present law provides immediate annuity for an employee separated involuntarily after at least 25 years of service. The bill retains this provision, and adds a provision for immediate annuity for an employee involuntarily separated after at least 20 years of service and after reaching age 50.

Section 6 (f)

Under present law Members may retire at age 60 with 10 years of service on an annuity which is reduced for each full month the Member is under age 62. Since reduced annuities in the case of all other persons under the act are related to age 60, the reduction in the case of Members who have attained the age of 60 is eliminated in the bill.

SECTION 7. DISABILITY RETIREMENT

Section 7 (a)

Under present law an employee who completes 5 years of civilian service or a Member with 5 years' Member service may be retired due to disability. However, under existing law an employee cannot be retired due to disability if he is eligible for immediate retirement by reason of age and length of service. Thus, a situation exists under which departments may retire employees who become disabled before reaching retirement age but cannot retire disabled employees who have attained retirement age. The bill permits disability retirement in any case where the disabled employee or Member meets the minimum service requirements for annuity.

Section 7 (b)

In the interest of administrative simplicity, the bill makes some technical changes in regard to the filing of applications for retirements due to disability.

Section 7 (d)

Under present law the annuity of a disability annuitant who recovers before reaching age 60 is discontinued. The bill provides that if the earning capacity of such an annuitant is restored to a level fairly comparable to the current rate of pay for the position held immediately prior to retirement, his annuity shall be discontinued even though he has not attained complete recovery from a medical viewpoint.

Section 7 (e)

Under existing law if a disability annuitant recovers and is unable to obtain reemployment or for any other reason does not return to service under the act, he is considered as having been separated from service as of the date of his retirement for disability and entitled only to a deferred annuity at age 62. The bill modifies this provision so that a disability annuitant who recovers or is restored to earning capacity before he attains age 60 will be considered (except for service credit) as having been involuntarily separated from the service upon termination of the disability annuity. This change would permit the granting of immediate annuity if the employee is otherwise entitled.

SECTION 8. DEFERRED RETIREMENT

Section 8 (a)

Under existing law an employee subject to the Retirement Act who transfers to a position not within the purview of the act retains no annuity rights; he has title to a refund only, regardless of his length of service. The bill extends to any such transferee with 5 or more years of civilian service the right to a deferred annuity at age 62 if he does not draw a refund.

Section 8 (b)

A Member of Congress now has title to deferred annuity at age 62 if separated with at least 6 but less than 10 years of Member service; a Member separated with 10 or more years of Member service may receive a reduced annuity when he reaches age 60. A Member transferred to a position not within the purview of the Retirement Act has title to a refund only, regardless of length of service.

Effective from January 1, 1956, as regards title, the bill extends the privilege of deferred annuity at 62 to any Member separated or transferred to a position not under the act if he has at least 5 years of Member service. A Member with 10 or more years' Member service who is separated or transferred to a position not within the purview of the act may receive a full annuity when he reaches age 60, under the terms of the bill; this latter provision was not contained in the Senate version.

SECTION 9. COMPUTATION OF ANNUITY

Section 9 (a)

Under present law the rate of annuity for employees generally is computed on the basis of $1\frac{1}{2}$ percent of average basic salary times the number of years of service, or on the basis of 1 percent plus \$25, multiplied by the number of years of service, whichever is to the advantage of the employee. The 1 percent plus \$25 formula is favorable to employees whose average basic salary is not in excess of \$5,000, while the $1\frac{1}{2}$ percent formula is used where the average salary is in excess of \$5,000. In either case, the total annuity of an employee, irrespective of his length of service, may not exceed 80 percent of his average basic salary.

The bill substitutes a liberalized formula under which the base will be either 1 percent plus \$30 or $1\frac{1}{4}$ percent of average salary, the maximum annuity remaining at 80 percent of such average salary.

The Senate version would continue the present formula for employees generally in respect to the first 5 years of service, and raise the computation base for the years of service in excess of 5. Under this version the annuity would be (a) $1\frac{1}{2}$ percent, or \$25 plus 1 percent, of the average salary for the highest 5 consecutive years of all service multiplied by not more than 5 years of service, and (b) 2 percent, or \$25 plus 1 percent, of the highest 5-year average salary multiplied by all years of creditable service in excess of 5, the maximum on basic annuity still being 80 percent of the highest 5-year average salary.

The present law contains no minimum for a total disability annuity. The bill provides that the annuity of any employee retired due to total disability after meeting the 5-year eligibility requirement be at least (1) 40 percent of his average salary, or (2) the amount obtained after increasing his total service by the period elapsing between the date of his separation due to the disability and the date he attains the age of 60 years, whichever is the lesser. However, it is not intended that the provision shall serve to increase the benefits of the annuitant's survivors. Section 9 (b) extends these minimum disability benefits to congressional employees and section 9 (c) extends them to Members.

Section 9 (b)

The bill makes no change in the annuity computation formula for congressional employees except that the $1\frac{1}{2}$ percent figure applicable

to noncongressional service would be changed to $1\frac{3}{4}$ percent. The Senate version would have changed the $1\frac{1}{2}$ percent figure to 2 percent for all noncongressional service in excess of 5 years.

Section 9 (c)

The annuity computation formula for a Member of Congress would remain as at present except that the $1\frac{1}{2}$ percent figure applicable to noncongressional service performed prior to a separation from Member service would be changed to $1\frac{3}{4}$ percent; also the maximum basic annuity for a Member would be raised to 80 percent of final Member salary from the present 75 percent. Under the Senate version, the $1\frac{1}{2}$ percent figure would have been changed to 2 percent for noncongressional service in excess of 5 years.

Section 9 (d)

Under existing law an employee retiring prior to attainment of age 60 (except for disability) is required to take a reduction of one-fourth of 1 percent in his earned annuity for each full month he is under age 60 at the date of his separation.

The bill would lower the reduction formula to one-eighth of 1 percent for each month the employee is under age 60 at time of separation. The Senate version would have lowered the reduction formula to one-twelfth of 1 percent per month for each month up to 30, one-eighth of 1 percent for each month in excess of 30 and up to 60, one-sixth of 1 percent per month for each month in excess of 60 the employee is under the age of 60 at the time of his retirement.

Section 9 (e)

The bill retains the existing special annuity formula of 2 percent of high 5-year average salary times years of service for early optional retirement of investigative employees, but changes the maximum annuity provision under it from a limitation of 30 years on allowable service, to the 80 percent of high 5-year average salary maximum applicable to employees generally.

Section 9 (g)

Under existing law an employee retiring on an immediate annuity with at least 15 years of service may elect a joint and survivorship annuity in favor of the surviving wife or husband. The bill changes the service prerequisite to a joint and survivorship election by an employee from 15 years to 5.

At the present time only an employee retiring on immediate annuity can elect a joint and survivorship annuity. The bill extends this right to employees receiving deferred annuities.

Under present law when an annuitant makes a joint and survivorship election he is required to take a reduction of 5 percent on the first \$1,500 of his annuity and 10 percent on all in excess thereof. The bill requires a reduction of 3 percent on the first \$2,400 of annuity and 10 percent on all in excess of that amount. The Senate version would have required no reduction on the first \$2,400 of employee annuity and 10 percent on the portion of annuity in excess of \$2,400.

Section 9 (h)

Under existing law the election of a joint and survivorship annuity by an unmarried annuitant carries with it a reduction of 10 percent plus 5 percent for each full 5 years the survivor is younger than the

retiring employee except that the reduction for the 5-year span between 25 and 30 years is 10 percent. The bill changes this reduction for a joint and survivorship annuity to 10 percent plus 5 percent for each full 5 years the survivor is younger than the retiring employee with a maximum reduction of 40 percent.

SECTION 10. SURVIVOR ANNUITIES

Section 10 (a)

Under existing law, upon the death of any annuitant who elected the joint and survivorship annuity the widow or widower designated at the time of the annuitant's retirement is entitled to an annuity equal to one-half of the annuitant's earned annuity beginning on the first day of the month following the survivor's attainment of age 50, or on the first day of the month in which the annuitant's death occurs if the survivor is then 50 years of age or over, and is payable until the survivor remarries or dies.

The bill eliminates the age 50 commencing date for survivor annuity, thereby establishing the first of the month in which annuitant dies as the commencing date for the elective widow or widower annuity.

The Senate version would have made the widow or widower annuity automatic as to that portion of the retired employee's annuity not exceeding \$2,400, and required election by the retiring employee only as regards that portion of his annuity above \$2,400.

Section 10 (c)

Under existing law, an automatic annuity, equal to 50 percent of the employee's or member's earned annuity, is paid to the widow of an employee, or to the widow or widower of a member, who dies after 5 years of civilian service.

The bill continues without change the automatic annuity to widows of both employees and members and extends similar benefits to widowers of employees. The Senate version would have required the widower to be "dependent" in order to receive annuity as the survivor of his wife dying in service.

Section 10 (d)

Automatic annuities are also paid under existing law to surviving dependent children upon the death of (1) an employee or Member with 5 or more years of service, (2) an employee annuitant retired under any provision except a deferred annuity, or (3) a Member retired for any reason. Except in the case of a female Member, no automatic annuity is paid to children of a female employee if a widower survives. If both an entitled spouse and child or children survive, each child is entitled to an annuity which is (1) 25 percent of the annuitant's regular earned annuity, (2) \$900 divided by the number of surviving children, or (3) \$360, whichever is least. If no entitled spouse survives, the annuity for each child is equal to (1) 50 percent of the annuitant's earned annuity, (2) \$1,200 divided by the number of surviving children, or (3) \$480, whichever is least. A child's annuity begins on the first day of the month after the employee or Member (or annuitant) dies and terminates upon the child's death, marriage, or attainment of age 18 (unless the child is incapable of self-support, in which event his becoming capable of self-support terminates the benefit). Upon the

death of the widow or entitled widower, or the termination of annuity to a child, the annuities of the remaining child (or children) are re-computed.

The bill provides for payment of annuity to each child who received more than one-half his support from the employee, even though the deceased employee is also survived by a husband. Under the Senate version, the husband must have been "dependent", rather than the child.

Children's benefits are raised by the bill. If a wife or husband survives, each child's benefit would be the smallest of (1) 40 percent of the employee's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If no wife or husband survives, each child would receive the smallest of (1) 50 percent of employee's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children.

Section 10 (e)

Under existing law, upon the death of a separated employee or member having title to a deferred annuity there is payable only the lump-sum credit. The bill would retain this provision for separated employees, but proposes that if any such separated member dies before establishing a valid annuity claim, the surviving wife or husband to whom the member was married at separation may elect immediate annuity equal to one-half of the deferred annuity rate. The Senate version did not incorporate this proposal.

SECTION 11. LUMP-SUM BENEFITS

Section 11 (a)

Under present law, refund of lump-sum credit in the case of a separated employee is authorized only in case he has completed less than 20 years of civilian service and is not eligible for optional retirement (age 62 with 15 years' service) at date of separation.

The bill would allow refund upon any separation regardless of length of service provided the separation occurs and refund claim is filed at least 31 days before the commencing date of any annuity for which he is eligible. The Senate version would retain present law provisions except the restriction regarding optional retirement eligibility.

SECTION 12. ADDITIONAL ANNUITIES

Members of Congress now have the privilege of making voluntary contributions to purchase additional annuity. However, the amount of such additional annuity in each case is determined by applying an actuarial factor based upon the retiring Member's age and sex.

The bill grants Members of Congress the privilege of making voluntary contributions to purchase additional annuity at the rate of \$7 per each \$100 so credited, with the \$7 increased by 20 cents for each full year the Member is over age 55 at date of retirement, thereby placing them in the same position in this respect as employees generally. No other change in existing law is made by section 12.

SECTION 13. REEMPLOYMENT OF ANNUITANTS

Section 13 (a)

Present law provides that no annuitant may be reappointed to any Government position after attaining age 60 unless the appointing authority determines that he has special qualifications.

Section 13 (a) provides that annuitants may be reemployed in any position for which they may be qualified and serve at the will of the appointing officer.

Section 13 (b)

The present law requires that a retired employee reemployed after reaching age 60 have his salary reduced by the amount of his annuity. Such person does not have retirement deductions withheld from his salary and he does not, upon later separation, receive any increase in his annuity.

The bill continues the provision for deducting annuity from salary and extends it to those persons reemployed before reaching age 60. It permits those persons who are reemployed on a full-time basis for at least a year to receive, upon separation, an annuity increase based on the additional service performed.

The Senate version would discontinue the retired employee's annuity during reemployment, and allow complete redetermination of title and recomputation of annuity if a year's full-time service is performed.

Section 13 (c)

Under present law if a retired Member is reemployed other than as a Member, his annuity is continued in addition to his salary. However, if he resumes service as a Member, his annuity is suspended. Upon subsequent retirement, his annuity is resumed in the amount or, if he contributed to the retirement fund during the additional service, the additional service is considered in recomputing his annuity rights.

The bill suspends a former member's annuity during any period of reemployment in a position subject to the act.

SECTION 14. PAYMENT OF BENEFITS

The bill makes no change in this section, which relates to the mechanics of paying benefits under the act.

SECTION 15. EXEMPTION FROM LEGAL PROCESSES

Section 15 (b)

Under present law the Commission in its discretion may waive recovery of any overpayment of annuity when the recipient acted in good faith.

The bill retains the provision and extends the right of the Commission to waive recovery from a recipient to lump-sum payments. Recovery of lump sums can be just as inequitable as recovery of annuity payments.

SECTION 16. ADMINISTRATION

Section 16 (f)

This requires the Commission to include in its annual report a statement with respect to the status of the fund on a normal cost-plus-interest basis. This contemplates presentation of the Commission's estimate of the unfunded accrued liability and its estimate, as required by section 17 (e), of the appropriations necessary to finance the fund on a normal cost-plus-interest basis.

The phrase "normal cost plus interest," as used in this bill, contemplates adoption and use of the following generally accepted definitions.

The total normal cost percentage is the estimated level percentage of the salaries of new employees and Members that would be required each year they will be in the service to pay fully for all benefits to them and to their survivors. The amount by which this total normal cost percentage exceeds the employee and Member deduction rate is the Government's normal cost percentage. The Government's normal cost for a fiscal year is the amount obtained by multiplying (A) the estimated basic salaries of all employees and Members subject to the act during the fiscal year, by (B) the Government's normal cost percentage.

"Interest" means the amount equivalent to 1 year's interest on the unfunded accrued liability, with the rate of interest being that used in calculating the total normal cost percentage and the unfunded accrued liability. The unfunded accrued liability is determined by estimating the excess of the present value of all actual and potential benefits to present and former employees and Members subject to the act, and to their survivors, over the sum of (A) the present value of deductions to be withheld from the future salaries of employees and Members presently subject to the act; plus (B) the amount obtained by multiplying the Government's normal cost percentage by the present value of the future salaries of such employees and Members; plus (C) the balance in the fund as of the date of determination of the unfunded accrued liability.

SECTION 17. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Section 17 (c)

Under present law currently available portions of the retirement fund as are not immediately required for payments from the fund are invested by the Secretary of the Treasury in securities of the United States. The law does not fix the interest rate for such securities. Most of the fund is invested at an interest rate of 3 percent.

The bill newly requires that the Secretary of the Treasury invest such currently available portions of the fund in securities of the United States bearing interest at the rate of 3½ percent. It also extends the purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, to authorize issuance at par of special obligations for purchase by the fund.

SECTION 18. SHORT TITLE

Section 1 of the bill may be cited as the "Civil Service Retirement Act."

Section 2 of the bill abolishes the special retirement system for civilian teachers at the Naval Academy and covers them under the Civil Service Retirement Act.

Section 3 of the bill provides that the rights of persons separated prior to the effective date of this act shall continue in the same manner and to the same extent as if the act had not been enacted, except that it makes retroactive as regards Members of Congress separated prior to the effective date of the act of August 11, 1955, the computation provisions of that act. The Senate version did not contain this retroactive provision.

Section 4 of the bill provides that the current Vice President may elect retirement coverage on January 1, 1957, or within 15 days thereafter. In case of such election, his past service as Vice President shall be considered as covered service for the purpose of fulfilling the annuity title requirement of at least 1 year of covered service within the 2-year period preceding separation.

Section 5 of the bill declares it is the policy of Congress to correspondingly adjust the annuities of retired employees in the future, whenever any general adjustment is made in the salaries of Government employees. This would not operate to automatically raise or lower annuities with salary changes, but Congress must act specifically in each instance.

Section 6 of the bill amends the act of September 1, 1954 (Public Law 769, 83d Cong.), which prohibits payment of annuity or retired pay based on the service of individuals convicted of certain enumerated crimes against the United States or found responsible for certain other improper acts or omissions. The amendment extends this act to prohibit payment of annuity or retired pay in any case where the individual has been indicted for any of the enumerated Federal crimes and wilfully, with knowledge of the indictment, remains outside the United States, its Territories and possessions, in excess of a year. The prohibition on benefit payments would be effective at the end of the 1-year period and would remain in force until entry of a nolle prose-quite to the entire indictment, or until the individual returns and thereafter the indictment is dismissed or the accused is found not guilty under it.

Section 7 of the bill establishes January 1, 1957, as the effective date of the act.

Section 8 provides that the bill may be cited by short title as the "Civil Service Retirement Act Amendments of 1956."

CIVIL SERVICE COMMISSION REPORTS

The reports of the Civil Service Commission on this legislation follow:

CIVIL SERVICE COMMISSION,
Washington, D. C., June 15, 1956.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. MURRAY: I am referring further to your letter of May 29, 1956, relative to S. 2875, a bill to revise the Civil Service Retirement Act.

The Commission is unable to favor the enactment of S. 2875 into law because of the excessive increase in retirement costs which would result from the proposed liberalization of benefits. Irrespective of cost, certain provisions of S. 2875 violate the principles of a well-planned retirement system. Furthermore, the bill would not resolve the problems currently arising from lack of coordination between the civil-service retirement system and the old-age and survivors insurance provisions of the Social Security Act.

Enactment of S. 2875 would add about \$454 million to the level annual cost of the retirement system. Employees would bear \$90 million of this total amount, due to the increase from 6 to 7 percent (8 percent for Members of Congress) in the deduction rate. The remainder of the increase in annual retirement cost, \$364 million, would be an obligation of the Government. Employees would thus pay for only 20 percent of the total added cost, while the Government would be responsible for 80 percent. The unfunded liabilities of the system would be increased by approximately \$4,900 million over the present amount of \$13,435 million.

The administration in January of this year submitted to Congress draft legislation to implement the recommendations made to the legislative body by the Committee on Retirement Policy for Federal Personnel. The major change proposed by this legislation is a measure of coordination between the civil-service retirement system and the old-age and survivors insurance system. This coordination proposes to place career employees under both systems, thereby providing for all Federal personnel the basic old-age and survivor protection now available to persons working in private industry, while retaining the rewards for long service inherent in the staff retirement system. The proposal is designed to provide continuity of coverage and protection for those persons who are in Federal service for only a part of their working careers.

We believe the administration's proposal also offers a better solution to the inadequacy of benefits in some cases and overly generous benefits in others which are now present where employees move between Government and private employment. These problems cannot be solved without coordination. Under a coordinated program the social needs of employees and their families can best be met through coverage under social security. The need for a sound retirement plan for career employees can be met only through continued independent operation of a strong civil-service retirement system. These objectives are embodied in H. R. 9090, introduced by Representative Reed and presently pending before the Committee on Ways and Means.

We believe two additional policy issues should be considered and determined before proceeding toward any discussion of the detailed provisions of the bill. These issues are:

1. How should the costs of a contributory retirement system be distributed between the employee and the employer?
2. What is the maximum percentage of his salary an employee should be required to contribute toward the costs of retirement benefits?

Ideally, we believe a newly established contributory retirement plan should provide for an equal distribution of normal retirement costs between employee and employer. It cannot be demonstrated

that this is a plan generally in effect, because the variation in distribution of retirement costs in existing State, municipal, and industrial pension plans provides no general pattern. Provision for an employer matching of employee contributions is, however, quite commonly found.

The Committee on Retirement Policy for Federal Personnel found that the employer usually bears the full cost of past-service credits. This, we think, is an appropriate arrangement. Where a deficiency has been incurred through such items as credit for past service, salary increases, benefit liberalization made applicable to past service, and failure of the employer to fully meet incurred liabilities, the burden of financing such deficiency is the sole responsibility of the employer.

In line with these principles, it is recommended that the following be adopted as guides for the consideration of retirement legislation:

(a) That the employee and employer share equally the normal costs of the Civil Service Retirement System; i. e., that the benefit structure be such that new entrants may expect to pay roughly half the cost of the benefits provided for them.

(b) That the Government as the employer assume full responsibility for financing the deficiency costs of the system.

In its fifth report to the Congress, the Committee on Retirement Policy for Federal Personnel gave its findings with respect to the rates of employee contributions under various retirement systems. It found that in State retirement systems, the rate varies from $3\frac{1}{2}$ to 7 percent (with 1 State at $1\frac{1}{2}$ percent). The most frequently found rate was 5 percent. In contributory industrial pension plans, rates ranged from 1 to 4 percent of the first \$3,000 or \$3,600 of earnings, and from $2\frac{1}{2}$ to 4 percent of salary above these amounts.

The Civil Service Commission holds the opinion that if the Government is to attain and improve a favorable competitive position in the recruiting and retaining of qualified employees, and wishes to regain its former position of leadership in the field of progressive retirement legislation, the present 6-percent rate of employee deductions should be considered a maximum rate which should not be increased. Even the present 6-percent deduction rate exceeds that of normal industrial and State practice.

The Commission accordingly recommends that as a matter of policy 6 percent of salary be considered the maximum rate of employee contributions to the civil-service retirement system.

In the light of these two policy recommendations we shall, in the pages which follow, propose that S. 2875 be amended to produce the following results:

1. An employee deduction rate of 6 percent, matched by agency contributions at the same rate.

2. A benefit structure having a normal cost (for new entrants) of roughly 12 percent of payroll, which is the cost which can be financed completely by equal employee deductions and agency contributions at the 6 percent rate.

For purposes of brevity and to conserve the time of the members of your committee, our analysis of and comments on S. 2875 will not cover those provisions which incorporate no material change in existing law. Rather, this report is being restricted to those items involving substantive amendments, and in this area the Commission will make some specific observations or recommendations.

SECTION 1. DEFINITIONS

For ease of operation, this section defines various terms used in the act. This eliminates the necessity of explanatory or definitive language in numerous later substantive provisions of the act.

Subsection (b)

This subsection includes the Vice President in defining the term "Member," thereby according that official retirement coverage at his option.

Subsection (d)

The Commission concurs in eliminating the use of military pay for annuity computation purposes, which would result from adoption of the definition of "basic salary." We agree that benefits under a civilian retirement system should be based upon civilian salary rather than upon military pay. As passed by the Senate, however, this provision applies only to pay received for military service entered upon after the act's effective date. The Commission sees no reason why this provision should be restricted to military service which begins after January 1, 1957, and urges that it apply fully in the case of each employee retiring after that date. Subsection (d) should therefore be amended by inserting the words "military pay," before the words "or salary" on page 2, line 21, and by striking out on page 2, beginning with line 23, the words "the term 'basic salary' shall not include military pay for persons who enter upon active military service after the effective date of this act: *And provided further, That*".

Subsection (e)

Under existing law, the annuity of a Member of Congress is based upon his average salary received during credited service from August 3, 1946, to date of separation. Subsection (e) changes the base to the average salary for the highest 5 consecutive years of allowable service, placing Members in the same position as employees generally in this regard.

Subsection (1)

This changes existing law to allow no interest after December 31, 1956, on the lump-sum credit. This denial of interest, especially through employment periods, represents an innovation in our refund provisions, but the Commission is not inclined to offer objection thereto. A \$12 million annual saving results from this amendment.

For purposes of clarity, the words "to December 31, 1956" on page 5 of the bill should be moved from line 8 to line 7 following the word "thereafter".

SECTION 2. COVERAGE

Subsection (e)

This subsection continues the Commission's present authorization to exclude employees in the executive branch having temporary or intermittent tenure, and adds similar authority as regards District of Columbia employees where the District of Columbia Commissioners recommend exclusion. However, it adds a restriction that no employee shall be so excluded after he shall have had more than 9 months' continuous service. Enactment of this restriction would mean that regardless of the individual's type of appointment, he would automati-

cally secure retirement coverage upon serving 9 months and 1 day; likewise, once an individual has had the 9 months and 1 day of continuous service, whether subject to the Retirement Act or not during that time, automatic coverage would attach the first day of any subsequent appointment regardless of tenure.

This would defeat the very purpose of the exclusion provision, which is to avoid the administrative expense involved in taking retirement deductions and later paying refunds to those employees whose tenure makes it improbable that they will ever acquire annuity rights. The Commission sees no justification whatsoever for this restriction, and strongly recommends that the clause "except that no employee shall be excluded under this subsection after he shall have had more than 9 months' continuous service" on page 7, beginning with line 8, be stricken from subsection (e).

SECTION 3. CREDITABLE SERVICE

Subsection (a)

The present law excludes from retirement credit all periods of separation from service. The Commission concurs in this subsection provision which allows credit for separation periods involving 3 days or less. This situation generally occurs when an employee leaves one position on Friday and enters another on Monday; there is seldom an actual working day break, yet we now must penalize the individual by denying credit for the intervening days.

Subsection (b)

At present, an employee who is receiving retired pay on account of military service generally may not also be allowed credit for such service under the Civil Service Retirement Act. The employee may, of course, select the system under which he desires the service credited. Two exceptions to the bar against double credit exist; the military service is also creditable for civil retirement purposes if the retired pay is (1) based on a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war or (2) awarded under title III of Public Law 810, 80th Congress. Subsection (b) would liberalize item (1) so as to accord such military service credit in all cases where the service-connected disability is incurred in line of duty.

Actually, there is no good reason why the double credit should be allowed for military service in any case. If an officer or enlisted man is given retired pay based on an injury or on length of service alone, he has the retirement benefit intended by Congress to compensate him for his military career. Then, when the individual enters Federal civilian employment, allowing the military credit also under the Retirement Act (with no financial contribution for the military service under either system) seems to go beyond any possible obligation on the Government's part. Such provision compares unfavorably with that applicable to civilian employment. For example, the employee granted monthly benefits under the Employees' Compensation Act for disease or injury incurred in line of duty is barred by law from receiving a retirement annuity—even for service other than that in which the disease or injury occurred.

The Commission accordingly believes that all double credit for military service should be denied. This could be accomplished by

striking the first sentence of subsection (b) on page 8, lines 5 to 23, and inserting in lieu thereof the following:

"An employee or Member shall, unless he is awarded military retired pay, be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based, except that for purposes of section 9 (c) (1), a Member shall be allowed such credit only for periods of military service, not exceeding 5 years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member."

However, should Congress not desire to take away any rights presently existing in this regard, the Commission strongly feels that no further liberalization should be incorporated and urges that current law provisions be reenacted. This could be accomplished by striking from subsection (b) on page 8, all material beginning with the word "the" in line 9 and ending with the word "duty" in line 12, and inserting in lieu thereof the following: "his military service shall not be included, unless such retired pay is awarded on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war".

The term "line of duty" is a technical phrase which has been the subject of regulation and extensive interpretation. In general, an injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty when the person involved was at the time in active service in the military or naval forces, whether on active duty or on authorized leave, unless the injury or disease was the result of his own willful misconduct. Casual or temporary deviation from military pursuits or duties, or even disobedience of orders, does not necessarily negative the line-of-duty status. For example, line-of-duty status would exist in the case of a soldier who, while working in an off-duty hour on a private invention not related to the military service, suffers a disease or injury not caused directly by the invention. It would thus appear that very few instances of disability incurred while in military service would fail to meet the line-of-duty requirement of S. 2875, which would have the effect of allowing double credit for the military time. This would go far beyond any liberalization intended by the act of February 20, 1954, which exempted from monetary limitation in the receipt of retired pay and civilian compensation, those cases involving an injury caused by an instrumentality of war.

Subsection (d)

Under existing law, an employee subject to the Retirement Act who leaves civilian employment to enter military service during a war or emergency period is considered for retirement purposes as being on furlough from his civilian position so long as he continues in his military status. This means that he continues to accrue service credit and other civilian retirement rights through this furlough process, and he need never return to active civilian employment to secure these rights. The Commission has for some time recognized the problem created by persons who have apparently abandoned the civil service in favor of a military career—some have been in this category since early in World War II or even since the 1939 emergency—and is convinced that some cutoff date is necessary. We,

therefore, recommend that subsection (d) be amended by substituting a colon for the period at the end thereof (page 9, line 15) and adding the following: "Provided, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of 5 years of such military service, whichever is later."

This proviso was incorporated in S. 2875 when originally introduced in the Senate. It would operate prospectively only, in that such employees already carried on the civilian rolls more than 5 years on December 31, 1956, would be considered as separated on that date. For those reaching the 5-year mark thereafter, separation for Retirement Act purposes would be effective at the end of that period. This provision would generally affect adversely only those persons who do not return to civilian duty. If the veteran later returns to civil service and serves at least a year, the military service would then be credited for retirement purposes. The provision would not affect the job tenure or reemployment rights of any veteran.

Subsection (g)

The amendment of August 31, 1954, to the Civil Service Retirement Act incorporated therein a provision that no title to annuity could arise from any separation unless the employee involved had served in a position under the act for at least 1 year within the 2-year period immediately preceding the separation. This provision operates as regards the employee's own annuity upon separation and also with respect to survivor annuity where separation occurs by reason of death.

The proposal which became the act of August 31, 1954, was recommended to Congress by the Civil Service Commission to plug a loophole in the law then existing, through which valuable annuity rights were acquired after nominal periods of retirement coverage. Under the law theretofore in effect, employment in a position subject to the Retirement Act immediately established annuity credit for all prior Federal service, both civilian and military. Upon separation from such position, annuity rights were determined by the law then in effect and by such other factors as attained age and type of annuity then selected. Such separation with resultant acquired benefits could occur after ridiculously short periods of service, as little as 1 day.

Abuses fell into two major groups: (1) The acquisition of annuity rights where none theretofore existed, and (2) the material improvement of annuity rights already established. These abuses were possible in the executive, legislative, and judicial branches of the Government. The Commission cited to Congress a number of examples involving these abuses, and the legislative body agreed that the amendatory legislation was justified.

By act of June 4, 1956, Congress, with the Commission's concurrence, inserted an exception to this rule covering cases of employees before meeting this one-out-of-two requirement. Subsection (g) would further exempt an applicant for disability annuity from this requirement.

The Commission is unable to agree with this provision, since its enactment would reopen to a material extent the loophole sought to be closed by the act of August 31, 1954. The Commission holds the definite opinion that in a career system such as ours material rights should not attach in the absence of substantial service and that the

restriction added by the act of August 31, 1954, is a reasonable one. Approval of the proposal would make it legally possible for an appointing officer to extend retirement coverage to a disabled individual, taking such action for the primary or sole purpose of according annuity benefits to him and possibly to his survivors. This action could be taken through the actual hiring of an individual, or perhaps more frequently through converting an existing appointment to a type which would bring him within the purview of the Retirement Act. Our experience in the past convinces us that these situations would arise with sufficient frequency to make the proposed exception for disability cases extremely undesirable. The use of retirement funds to provide annuities in such cases should not be condoned by the Congress.

The Commission accordingly urges that the words "or disability" be stricken from subsection (g), page 9, line 24.

Subsection (h)

The word "servd" on page 10, line 8, should be corrected to read "served."

SECTION 4. DEDUCTIONS AND DEPOSITS

Subsection (a)

Effective the first day of the first pay period which begins after December 31, 1956, the present uniform deduction rate of 6 percent of basic salary would be increased to 7 percent for employees and to 8 percent for Members. Beginning with the first pay period in the fiscal year 1958, employing agencies would be required to contribute from their appropriations sums equal to the amounts deducted from the salaries of their employees.

The retirement fund would thus receive annual income of 14 percent of the salaries of covered employees (16 percent of the salaries of Members), which would amount to about \$1,250 million per year. Benefit payments would not reach this level until about 10 years hence, so the fund would grow. However, 14 percent of salaries would not cover the total cost of the retirement system as it would be amended by S. 2875. This total cost, as a level percentage of payroll, is estimated at about 20½ percent. Hence employee deductions and agency contributions would fall short each year, by 6½ percent of payroll or about \$582 million, of meeting the total cost of the system on a level premium basis, and the unfunded liabilities would correspondingly increase.

Earlier in this report, the Commission recommended that, as a matter of policy, employee contributions be held at the 6 percent level. Adoption of this policy will necessitate amending subsection (a) by striking out on page 10, lines 15 to 18, the words "basic salary an amount equal to 7 per centum of such basic salary and from each Member's basic salary an amount equal to 8 per centum of such basic salary", and inserting in lieu thereof the words "and Member's basic salary an amount equal to 6 per centum of such basic salary".

Subsection (c)

Adoption of this 6 percent contribution policy will also necessitate amending the table on page 12, line 2, to read as follows:

	Percentage of basic salary	Service period
Employee.....	2½ 3½ 5 6	Aug. 1, 1920, to June 30, 1926. July 1, 1926, to June 30, 1942. July 1, 1942, to June 30, 1948. After June 30, 1948.
Member for member service.....	2½ 3½ 5 6	Aug. 1, 1920, to June 30, 1926. July 1, 1926, to June 30, 1942. July 1, 1942, to Aug. 1, 1946. After Aug. 1, 1946.

Retention of employee (and agency) contributions of 6 percent will result in the retirement fund receiving a sum equal to 12 percent of the salaries of covered employees, which would total approximately \$1,074 million a year. However, 12 percent of salaries would not cover the total cost of the retirement system even if all of the Commission's recommendations are adopted. Adoption of all Commission recommendations would result in a total cost of 17.26 percent of payroll. On a level premium basis, employee deductions and agency contributions would fail to meet total cost by 5.26 percent of payroll, or \$471 million each year.

Subsection (d)

At present, if an employee subject to another Federal or District of Columbia retirement system is transferred to a position wherein he is covered by the Civil Service Retirement Act, he is entitled to credit for the prior service whether or not he makes deposit in the retirement fund to cover such service. Failure to make the deposit results only in his annuity being reduced by 10 percent of the amount due, computed under the deduction rates in effect under the civil-service retirement system at the time of such service. However, where an employee receives a refund under the Civil Service Retirement Act, this amount must be replaced with interest before any credit for the service involved may be allowed.

The Commission favors the proposal in this subsection to treat refunds paid under another retirement system the same as those paid under the Civil Service Retirement Act. This will provide similar treatment for all employees and prevent windfall benefits in certain cases. Such windfalls have occurred in the past, and can now occur, where employees separate from service under another retirement system, withdraw their retirement contributions, and receive credit under the Civil Service Retirement Act, without deposit, for the service performed under the other system.

Subsection (e)

Under existing law, interest on deposits is charged during all times the individual is on the employment rolls but not during separation periods. This subsection proposes that interest be charged for the entire time the deposit is due, including periods of separation from service. The employee had the use of the money for the entire time, and the Commission concurs in this amendment.

SECTION 5. MANDATORY SEPARATION

Subsection (d)

This subsection exempts from the regular automatic separation requirements (age 70 with 15 years' service) certain congressional

employees and employees in the judicial branch of the Government. Similar provision appears in existing law.

In a special meeting held at Washington, D. C., on March 13 and 14, 1956, the Judicial Conference of the United States considered a report made by its Committee on Supporting Personnel. This Committee, with the concurrence of the Committee on Court Administration, recommended that S. 2875 be approved by the Conference insofar as it relates to judicial employees, except as to the exclusion of judicial employees from the provisions requiring mandatory retirement on account of age. The Conference thereupon approved recommendation that the bill be amended to include judicial employees within the age-70 mandatory retirement provisions, thus placing them on the same basis as employees in the executive branch.

The Commission is in complete agreement with this proposal and recommends that subsection (d) be amended by striking out on page 14, beginning with line 5, the words "or to any employee in the judicial branch within the classes made subject to the Civil Service Retirement Act of May 29, 1930, as amended, by the act of July 13, 1937".

SECTION 6. IMMEDIATE RETIREMENT

Subsection (b)

The existing law permits an employee with at least 30 years' service to retire on a reduced annuity at any time between age 55 and age 60. Subsection (b) proposes to accord this privilege to the 30-year employee at any age.

So closely related as to require discussion here is the formula for reducing an annuity granted the employee under age 60. The law now requires that the full annuity rate be reduced by one-fourth of 1 percent for each month the employee is under age 60 at retirement. Section 9 (d) of S. 2875 liberalizes this formula by providing that the annuity shall be reduced by one-twelfth of 1 percent for each of the first 30 months under age 60, by one-eighth of 1 percent for each of the next 30 months, and by one-six of 1 percent for each additional month.

Adoption of the cited provisions will increase the total annual retirement cost by approximately \$51 million.

Without an age requirement for optional retirement, the Government would lose the services of many of its most efficient employees who are in the prime of life. The provision would be most attractive to those capable employees desiring to seek a new career, with annuity supplementing salary rather than being retirement income.

The present reduction in annuity payable after optional retirement or involuntary separation before age 60 is quite generous. The reduction is already less than half that required on an actuarial basis which was stipulated by the law in effect from 1942 to 1948.

Lower reductions make early retirement more attractive, and thus result in the Government's loss of more employees at the peak of their usefulness. Optional retirements below age 60 have tripled since the reduction was liberalized in 1948, and the further liberalization proposed by S. 2875 could be expected to produce a further increase.

Present law adequately provides immediate annuity benefits for 30-year employees separated before age 55 through no fault of their own. There is no reduction in annuity on disability retirement. On involuntary separation, the reduction is not enough to cover the cost

of commencing the annuity immediately rather than at age 60, and annuity payments continue regardless of earnings outside Government employment. S. 2875 would add voluntary separation as a qualifying provision for immediate annuity, available to those employees who could afford to withdraw from gainful employment at less than normal retirement age, or who could transfer to employment outside the Government.

While earlier optional retirement with lower annuity reductions would be very attractive from an employee viewpoint, the Government as the employer could not expect to derive any benefit which would justify the added cost of the liberalization. The Commission therefore recommends that subsection (b) be amended by inserting after the word "who" on page 14, line 22, the phrase "attains the age of fifty-five years and".

In consonance with this view, we will later in this report make recommendation relative to the wording in section 9 (d).

Subsection (d)

At present, an employee involuntarily separated for reasons other than misconduct or delinquency after serving at least 25 years is eligible for an immediate reduced annuity. Subsection (d) retains this provision but gives the same right to an employee so involuntarily separated after serving 20 years and attaining age 50.

The Commission offers no objection to this amendment which will add approximately \$5 million to the total annual cost of maintaining the system.

Subsection (f)

This contains a provision to give full annuity to a Member of Congress separated at age 60 with 10 years' service, rather than the slightly reduced annuity as at present. It also reduces to 5 years the present 6-year requirement for the Member's retirement at age 62.

SECTION 7. DISABILITY RETIREMENT

Subsection (a)

A provision contained herein allows an employing agency to submit a disability annuity application on behalf of one of its employees even though he is eligible for optional retirement on full annuity. This is proposed to assist agencies in separating disabled employees in a limited number of cases, and no objection is offered to its enactment.

Subsection (b)

The Commission believes that the change in this subsection allowing a year after separation, in lieu of the present 6 months, within which disability annuity claim must be filed, is warranted.

Subsection (d)

This subsection incorporates a recommendation made by the Committee on Retirement Policy for Federal Personnel that the annuity of a disability retiree be discontinued if he is restored to an earning capacity fairly comparable to that enjoyed before retirement, even though from a medical standpoint he has not recovered from the actual disability. The Commission favors enactment of this proposal.

Subsection (e)

Currently, if a recovered disability annuitant is not reemployed in a position wherein he has retirement coverage, the only further benefit

for which he is eligible is a deferred annuity beginning at age 62. The wording of this subsection permits the granting of immediate annuity if his service, etc., supports such award. For example, the individual with 25 years' service could be given a reduced annuity under the 25-year involuntary provision. The Commission recommends enactment of this proposal.

SECTION 8. DEFERRED RETIREMENT

Subsection (b)

By omission, this subsection eliminates the provision in existing law whereby a Member of Congress separated with at least 10 years' Member service may receive a reduced annuity beginning when he reaches age 60. This subsection originally did contain a provision to allow an unreduced annuity in such case, but it was deleted by a Senate floor amendment. This omission places Members in a similar position to employees generally, that is, with no privilege of deferred annuity commencing before age 62.

The deletion of the cited provision does not appear consistent with the retention in section 6 (f) of the Member's immediate annuity privilege if separated after age 60 with 10 years' service.

SECTION 9. COMPUTATION OF ANNUITY

Subsection (a)

Annuity for employees generally is now computed by taking $1\frac{1}{2}$ percent of average salary, or 1 percent of such salary plus \$25, and multiplying the figure so obtained by years of service. Subsection (a), while retaining the 1 percent plus \$25 plan, raises the $1\frac{1}{2}$ percent to 2 percent for all service beyond the first 5 years, which will benefit retirees with average salaries above \$2,500.

Under the civil-service retirement system, investigative employees already have a 2-percent formula along with retirement at an earlier age and with lesser service, Members of Congress use a $2\frac{1}{2}$ -percent formula, and congressional employees are allowed a $2\frac{1}{2}$ -percent plan for their first 15 years of such service. As regards other systems, foreign service officers have a 2-percent formula, and military personnel, with no retirement contributions, are allowed benefits based on a formula of $2\frac{1}{2}$ percent of final basic salary; Federal judges, also without retirement contributions, generally retire on full final salary with relatively shorter service periods.

We do not therefore find this proposal objectionable in principle, nor do we find the benefit it produces would be excessive when compared with benefits provided other officers and employees. The Commission does believe that the cost involved in this provision must be carefully considered. Its enactment will increase the total annual retirement cost by approximately \$240 million.

In lieu of the 2-percent general annuity computation formula in S. 2875, the Commission recommends a general formula of $1\frac{3}{4}$ percent of average salary (or 1 percent of average salary plus \$25) multiplied by years of service. This proposal is made:

1. In order to reduce the added cost to a more reasonable figure, and
2. To provide the most liberal formula which can be paid for by equal employee and employer contributions without increasing the deduction rate beyond the present 6 percent.

If adopted, this recommendation will provide a reasonable and generous liberalization in retirement benefits. It will more than meet the recommendation of the Committee on Retirement Policy for Federal personnel that the age-and-service benefit should be designed to provide at least half pay at the close of a full career of approximately 35 years.

The Commission accordingly recommends that subsection (a), page 20, be amended by striking all beginning with "(1)" in line 12 and ending with the word "years" in line 20, and inserting in lieu thereof the following: "the larger of (A) $1\frac{3}{4}$ per centum of the average salary multiplied by the total service, or (B) 1 per centum of the average salary, plus \$25, multiplied by the total service".

Adoption of this amendment, with similar amendments in subsections (b) and (c), will reduce the added annual retirement costs resulting from the formula change by approximately \$113 million.

Subsection (a) also prescribes a minimum benefit in disability retirement cases, adding an approximately \$17 million total annual cost. The Commission concurs in this principle.

Subsections (b) and (c)

Under present law, the annuity of a retiring congressional employee is (1) $2\frac{1}{2}$ percent of average salary multiplied by years of congressional employee and military service not exceeding 15, plus (2) $1\frac{1}{2}$ percent of average salary multiplied by years of other service. A retiring Member's annuity is (1) $2\frac{1}{2}$ percent of average salary multiplied by years of Member and creditable military service, plus (2) $2\frac{1}{2}$ percent of average salary multiplied by years of congressional employee service not exceeding 15, plus (3) $1\frac{1}{2}$ percent of average salary multiplied by years of other service. Subsections (b) and (c) would raise the percentage of average salary applicable to "other service" in excess of 5 years from the existing $1\frac{1}{2}$ percent to 2 percent. This change would be consistent with the subsection (a) 2 percent computation proposed for employees generally.

For reasons stated in our subsection (a) comments, subsections (b) and (c) should be amended as follows:

1. On page 21, strike all beginning with the figure " $1\frac{1}{2}$ " in line 9 and ending with the word "years" in line 13, and insert in lieu thereof " $1\frac{3}{4}$ per centum of the average salary multiplied by the remainder of his total service".

2. On page 22, strike all of clauses (3) and (4) beginning in line 13 and ending in line 24, and insert in lieu thereof the following: "(3) $1\frac{3}{4}$ per centum of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1) and (2), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude."

Subsection (d)

As pointed out in our section 6 (b) comments regarding 30-year optional retirement, subsection (d) proposes to liberalize the method of computing the annuity of an employee retiring optionally or upon involuntary separation before reaching age 60. His full basic annuity would, by reason of the earlier retirement, be reduced by only one-twelfth of 1 percent for each month (up to 30), one-eighth of 1 percent for each additional month (from 31 to 60), and one-sixth of 1 percent for each further month he is under age 60 at retirement.

If such annuity were to be reduced actuarially, the reduction would average about one-half of 1 percent for each month under age 60. Congress departed from the actuarial concept in 1948 when it provided the present reduction of one-fourth of 1 percent a month. The Commission believes that the present formula is quite liberal, and that any further liberalization in this direction would not be justified.

For these and other reasons stated in our section 6 (b) comments, the Commission strongly recommends that subsection (d) be amended by striking out all after the words "reduced by" on page 23, line 12, and adding the following: "one-fourth of 1 percent for each full month such employee is under the age of sixty years at date of separation".

Subsection (f)

Under existing law, an employee retiring for disability or on immediate annuity after 15 years of service may elect a reduced annuity and provide a 50-percent annuity for a surviving wife or husband. The annuity of the retiring employee is reduced by 5 percent of the first \$1,500 of annuity, by 10 percent of any annuity exceeding \$1,500, and by three-fourths of 1 percent for each year the wife or husband is under age 60. The reduction may not exceed 25 percent.

Under subsection (f), survivor annuity of 50 percent is automatic and free on the first \$2,400 of the annuity of an employee retiring for any reason. The retiring employee may elect to have his or her annuity in excess of \$2,400 reduced by 10 percent and thus provide survivor annuity of 50 percent of total annuity. Enactment of this provision would add \$112 million to the annual cost of the system. A part of this increase in cost results from the larger annuities payable because of the elimination of any reduction on the first \$2,400 of annuity. However, the major portion of the cost increase results from the granting of survivor annuities in those cases where, under present law, they are not payable because retiring employees do not elect reduced annuities in order to provide survivor benefits.

The Commission does not concur in this proposal. The annuity reduction which a married employee now accepts to extend the survivorship right to his or her spouse is very favorable to the employee. At one time, the plan for providing survivorship protection operated on an actuarial basis; that is, the amount the Government committed itself to pay in the form of retirement and survivorship annuity combined was equivalent actuarially to the amount which would otherwise have been payable to the retired employee alone if he had taken annuity on a single life basis.

In enacting the present provision, however, the Congress departed from this actuarial basis. The reduction applied to the single life annuity is less than a strict actuarial reduction, and the retired employee does not bear in the form of a reduced annuity the full cost of the survivorship protection his election provides. No reason is apparent why the Government should assume the additional cost involved in this proposed change.

Approximately 80 percent of recently retired employees receive annuities less than \$2,400. Accordingly, survivor annuity would be entirely free in the great majority of cases.

Very few retiring married women now elect survivor benefits for their husbands, which is consistent with the normal family situation in which the husband is not a dependent of his wife. In the fiscal year 1955, 1,820 married women retired; of this total, 1,407 were

eligible to elect survivor benefits. Only 164 (12 percent of those eligible) exercised the election, and of these nearly one-half had retired for disability. Unless S. 2875 is amended, survivor benefits will be free and automatic in the case of each retiring married woman, even though the husband is neither disabled nor dependent.

The Commission does not object to eliminating one of the present reduction items—the three-fourths of 1 percent for each year the wife or husband is under age 60 when the employee retires. However, the other two reduction items—5 percent of the first \$1,500 of annuity, and 10 percent of annuity in excess of \$1,500—should by all means be retained. The Commission therefore recommends that subsection (f) be amended by striking out the figure “(2)” on page 24, line 3, and by striking out on page 24 beginning with line 6 the words “10 percentum of so much thereof as exceeds \$2,400.” and inserting in lieu thereof the following: “5 per centum of so much thereof as does not exceed \$1,500 plus 10 per centum of the balance of such annuity.”

Corresponding amendment to section 10 (a) will also be necessary in this connection and will be covered in our comments regarding that section.

Subsection (f), together with other provisions in the bill, authorizes the election of wife or husband survivor annuities in cases of deferred retirement, while the present law generally accords this privilege only in certain immediate retirement cases. The Commission does not object to this extension if the present 5 and 10 percent reduction factors are retained.

Subsection (i)

This subsection proposes a maximum annuity for law-enforcement personnel of 80 percent of average salary, instead of 60 percent as at present. The Commission offers no objection to this change.

SECTION 10. SURVIVOR ANNUITIES

Subsection (a)

For reasons given in the discussion of section 9 (f), subsection (a) should also be amended so as to eliminate the free and automatic annuity to the surviving wife or husband of a deceased annuitant. This amendment will be effected by striking out on page 25, lines 10 through 25, all of paragraphs (1) and (2), inserting in lieu thereof the following:

“SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a wife or husband designated under section 9 (f), such wife or husband shall be paid an annuity equal to 50 percentum of the annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9 as may apply with respect to the annuitant.”,
and renumbering paragraph (3) on page 26, line 1, to read (2).

Adoption of these amendments and the amendments in section 9 will reduce the added annual retirement costs resulting from enactment of S. 2875 by approximately \$104 million.

Under present law a widow's or widower's annuity does not begin until age 50, except where both a widow and dependent children survive. Paragraph (3) of this subsection (as well as subsec. (c)) adopts the principle recommended by the Committee on Retirement Policy for Federal Personnel, and concurred in by the Commission, that the annuities of all surviving widows or widowers begin immediately.

Subsection (c)

This subsection continues existing provisions for annuity to a surviving widow of an employee who dies in service after serving 5 years but with annuity beginning immediately as explained in the preceding paragraph. It also adds a similar benefit for the disabled dependent widower of a deceased female employee. This latter principle was recommended by the Committee on Retirement Policy for Federal Personnel, although the Committee urged a 10-year service requirement. The Commission concurs in enactment of this subsection.

This subsection also requires that the widower of a deceased female Member, who now qualifies for annuity in every case, be dependent and disabled in order to receive survivor annuity.

The immediate annuities to widows and dependent widowers dying in service as provided in this subsection will add approximately \$12 million to the annual cost of maintaining the system.

Subsection (d)

This subsection provides liberalized benefits to eligible children of employees dying in service or after having retired under the amended act.

At present, if the deceased employee or annuitant is survived by a widow, each child receives the smallest of (1) 25 percent of decedent's earned annuity, (2) \$360, or (3) \$900 divided by the number of children. Subsection (d) provides that where decedent is survived by a wife or dependent husband, the child's benefit is the smallest of (1) 40 percent of decedent's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children.

Under existing law, if the deceased employee or annuitant is not survived by a widow or widower, each child receives the smallest of (1) 50 percent of decedent's earned annuity, (2) \$480, or (3) \$1,200 divided by the number of children. Under subsection (d), where no wife or husband survives, the child's benefit is the smallest of (1) 50 percent of decedent's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children.

The Commission concurs in this liberalization of children's benefits, which will add approximately \$9 million annually to the cost of the system. These liberalized children's benefits will compare very favorably with similar benefits payable under the Social Security Act; that act fixes a limit of \$2,400 on the total benefits to a family, including any benefits payable to an eligible widow or dependent widower.

SECTION 11. LUMP-SUM BENEFITS

Subsection (a)

As in existing law, this subsection makes no provision for refund of retirement deductions and interest when the employee at separation has completed at least 20 years' civilian service. The Commission has for some time been concerned with the plight of the employee so separated who lacks the age necessary for immediate annuity and yet is unable to secure lump-sum settlement. The Committee on Retirement Policy for Federal Personnel, while suggesting a minimum of 10 years' service for title to deferred annuity in any case, recommended that the employee separated with deferred annuity title should have the right to choose either the immediate refund or the deferred annuity. The committee further stated that the separated

employee eligible for an immediate annuity should not receive a refund but should be required to accept annuity.

We are of the firm opinion that any employee separated after serving 5 years or more but without current title to annuity should have the choice of taking a refund rather than wait—many years in some cases—for the deferred annuity benefit. A bill (H. R. 9330) to effect this purpose is presently pending before your committee, and on May 17, 1956, the Commission wrote you recommending favorable action thereon.

In line with this view, we urge that subsection (a), page 28, lines 4 through 17, be amended by striking out all material contained therein and inserting in lieu thereof the following:

“Any employee or Member who is separated from the service, or is transferred to a position wherein he does not continue subject to this Act, shall be paid the lump-sum credit provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the earliest commencing date of any annuity for which he is eligible. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act. This subsection shall also apply to any employee or Member separated prior to the effective date of this Act after completing at least twenty years of civilian service.”

The larger refunds and lump-sum death payments which will become payable if the employee contribution rate is raised to 7 percent will result in an increase of approximately \$20 million in total annual costs of the system. If the recommendation to retain the present 6 percent rate is adopted, this additional annual cost will be avoided. Our proposed change in subsection (a), which pertains to entitlement to a lump-sum benefit, has no material effect on total annual costs.

SECTION 12. ADDITIONAL ANNUITIES

This places additional annuities purchased by members' voluntary contributions on the same basis as is now available to employees generally under which even percentages are used for computation rather than precise actuarial factors.

SECTION 13. REEMPLOYMENT OF ANNUITANTS

Subsection (a)

Under existing law, an annuitant who has reached age 60 may be reemployed only if the appointing officer determines that he has special qualifications. His tenure after reemployment is determined by the type of appointment he receives.

Subsection (a) eliminates the requirement of special qualifications. After reemployment, tenure will be at the will of the appointing authority. The Commission concurs in these proposed changes.

Subsection (b)

At present an annuitant reemployed after reaching age 60 is not subject to the Retirement Act, and no retirement deductions are made from his salary. His annuity is paid currently, and his salary is reduced by an amount equal to his annuity. His retirement benefits are not redetermined and his annuity is not increased because of such reemployment.

Under subsection (b) a reemployed annuitant could again become subject to the Retirement Act, and regular retirement deductions will be made from his salary. His annuity will be discontinued during reemployment. If he performs actual full-time service for at least a year, he will receive credit for retirement purposes for his additional service, and his annuity will be recomputed, for all of his service, under the law in effect at the time of his final separation from service. If his reemployment is of a type not subject to the Retirement Act, or if he does not perform full-time service for at least a year, his annuity will be discontinued during reemployment and resumed at the same rate upon final separation. If reemployed subject to retirement deductions for less than a year, his deductions will be refunded upon separation.

Except for the requirement of a year of actual full-time service in order for the employee's annuity to be recomputed, this proposal is a return to the unsatisfactory provisions of law in effect from 1942 to 1948. During that period, the Commission's experience indicated major problems which were solved in 1948 by adoption of the present law governing this subject.

The Commission does not favor the changes proposed by subsection (b) for the following reasons:

1. A provision to discontinue annuity payments during reemployment requires actual Commission knowledge that the reemployment has occurred. In many cases between 1942 and 1948 the Commission was not notified of a reemployment. This resulted in erroneous payment of annuity for a period of months or years, followed by attempts to collect the amounts erroneously paid. Since the appointing officer is usually in direct contact with the annuitant he is hiring, and has the application for employment before him, he is always in an excellent position to carry out the present law requirements that salary be reduced by an amount equal to the annuity. Appointing officers are keenly aware of the responsibility to avoid overpayment of salary.

2. Many reemployments of annuitants are for brief periods. Present law avoids the administrative expense of discontinuing annuity payments, and eliminates the delays and expense involved in resuming payments when reemployment ceases.

3. It is frequently desirable that an agency reemploy an annuitant in a consulting or advisory capacity, in which only occasional service is contemplated. Present law facilitates such an arrangement—the annuity continues without interruption, and salary at the regular rate, less the one day's annuity, is paid by the agency for each day of service performed. The S. 2875 provision would require a total discontinuance of annuity payments from the beginning of the month in which reemployment occurs to the end of the month in which reemployment terminates, even though the annuitant works only a few days or even if he does not work at all.

4. The provisions for a redetermination of annuity rights under the law in effect at the time of termination of reemployment, and for a recomputation of annuity based on total service, are particularly undesirable because of the windfalls which would occur.

One example will serve to illustrate this point. Assume an individual with an average salary of \$5,000 and with 30 years of service, retired optionally on December 31, 1951, at age 55. He elected a survivor annuity for his wife, also age 55. His annuity is reduced

because of his age, because of his election of a survivor annuity and because of his wife's age at the time he chose to retire. On December 31, 1956, his annuity, including increases provided by law is \$1,968 per annum. In the event of his death after December 31, 1957, his widow's annuity will be \$960. If he is reemployed January 1, 1957, at a salary of \$5,000, works full time for a year, and again retires, annuity recomputed on his total service as provided by S. 2875 would result in benefits to him at the rate of \$2,916 per annum, with a potential widow's benefit of \$1,488 per annum. The present value at age 61 of these recomputed benefits exceeds by \$13,600 the present value at the same age of benefits at the old rates. In other words, his compensation for 1 year's service is in effect \$18,600, rather than the salary of \$5,000.

While the Commission agrees that substantial reemployment should operate to increase retirement benefits, recomputation can result, as in the above example, in an increase out of all proportion to the value of the services during reemployment. Enactment of this proposal would subject appointing officers, including Members of Congress, to extreme pressure from retired employees, following each liberalizing amendment to the law, for reappointment in order to secure recomputation of annuity on their entire service. It is therefore recommended that the annuity of a person who serves as much as one year be increased by just the amount of annuity earned during the reemployment under the law then in effect and that the present language of subsection (b) (p. 33, line 4, through p. 34, line 3) be stricken out and the following inserted in lieu thereof:

"If an annuitant receiving annuity from the fund (other than (1) one whose annuity is terminated under section 7 (d) or (2) a Member retired under section 6 (f), 7, or 8 (b), or under section 3A of the act of May 29, 1930, as amended) hereafter becomes employed in an appointive or elective position, his subsequent service shall be covered by this act. No deductions for the retirement fund shall be withheld from his salary, but there shall be deducted from his salary, except for lump-sum leave payment purposes under the act of December 21, 1944, a sum equal to the annuity allocable to the period of actual employment: *Provided*, That, if such annuitant serves on a full-time basis for at least 1 year in employment not excluding him under section 2 (b) from coverage, (1) his annuity upon termination of employment shall be increased by an annuity computed under subsections (a), (b), (d), and (e) of section 9 as may apply based upon the period of and the basic salary (before deduction) averaged during such employment, and (2) his lump-sum credit shall not be reduced by annuity paid during such employment. The employment of an annuitant under this subsection shall not operate to create an annuity for or in any manner affect the annuity of any survivor."

If approved, this language will retain the advantages of the present law, and result in these improvements:

1. The annuity of an annuitant who is reemployed for at least 1 year of actual full-time service will be increased by the annuity he has earned during reemployment.

2. His lump-sum credit will not be reduced by annuity paid during reemployment.

3. A reemployed annuitant will not suffer a loss in the amount of a lump-sum leave payment. Under present law, any lump-sum leave

payment made after termination of reemployment is computed at the net salary rate (salary less annuity) rather than at the salary rate normally payable for the position in which reemployed.

4. Retirement benefits for services performed by annuitants hereafter reemployed will be determined under the Civil Service Retirement Act, rather than under the Social Security Act, as at present.

Subsection (c)

Under present law, a retired Member of Congress reentering Government service in any capacity other than as Member may receive his Member annuity in addition to his salary. This subsection suspends his Member annuity upon any Federal or District of Columbia employment which begins after December 31, 1956.

SECTION 17. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Present law requires the Secretary of the Treasury to invest the retirement fund in interest-bearing securities of the United States or Federal farm-loan bonds. The great majority of such investments have been made by issuing special securities to the fund, although there have been some open-market purchases.

The rate of interest on such special issues is set at the discretion of the Secretary. Until July 1954, this rate was 4 percent on all but a small portion of the fund resulting from voluntary contributions which were invested at 3 percent. In 1954 the rate was changed to 3 percent on all the 1-year special Treasury certificates of indebtedness which are issued to the fund.

Section 17 will change this situation by removing the Secretary's discretion to set the interest rate. Obligations issued for purchase by the fund will bear interest at the multiple of one-eighth of 1 percent nearest the average rate of interest (computed at the end of the calendar month next preceding date of issue) borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of 5 years from the date of original issue. Maturities will be fixed with due regard for the needs of the fund. However, such obligations could be issued only if the Secretary determines that open-market purchase of other interest-bearing obligations of the United States is not in the public interest.

We are advised by the Department of the Treasury that the above formula will currently set a rate of 2½ percent on special issues to the fund. However, purchases in the market could be made at prices affording a yield of approximately 3 percent.

The investment rate is a very important element in the operation of the retirement system. In the fiscal year 1955, interest income of \$234 million was more than 50 percent of the amounts contributed by employees. A long-term future interest rate must be assumed in making cost estimates on the customary level percentage basis. Since 1954, our estimates—including those in this report, have been based on a 3 percent rate.

The cost of the retirement system is determined by its benefit provisions, which are unaffected by a change in the investment rate. This cost is met from three sources: Employee deductions, direct Government appropriations, and interest earnings. It is apparent that, with benefit provisions and employee deductions established at

specified levels, a change in the interest rate results in an inverse change in required direct Government appropriations.

If section 17 of S. 2875 is enacted into law, the Commission proposes to continue the assumption of a 3 percent interest rate in its retirement cost estimates. During the next few years, deviations of actual interest earnings from those assumed on a 3 percent basis will be treated as adjustments of the unfunded accrued liability. However, if a material difference persisted, and the best available economic opinion indicated a long-term continuation of a rate differing from 3 percent, then the interest assumption in the cost estimates would be revised just as it was in 1954. A rate in excess of 3 percent will result in lower direct retirement costs, and the reverse is true for a rate of interest less than 3 percent.

Subsection (e)

S. 2875 omits the present law provisions for necessary appropriations to the fund. The Commission is of the opinion that such provision should be continued.

It is therefore recommended that a new subsection (e) be inserted beginning on page 40, line 12, reading as follows:

"(e) The Commission shall submit estimates of the appropriations necessary to finance the fund and to continue this act in full force and effect."

SECTION 2. MEMBERS OF FACULTY OF NAVAL ACADEMY

This section abolishes the retirement system applicable to members of the civilian faculty of the United States Naval Academy and of the United States Naval Postgraduate School, and places these persons subject to the Civil Service Retirement Act. The Commission is in complete agreement with this proposal.

This provision is, however, practically a duplicate of H. R. 9085, which was passed by the House of Representatives on May 21, 1956. In case H. R. 9085 becomes law, this entire section 2 of S. 2875 will serve no purpose and should be deleted therefrom.

SECTION 3. RETROACTIVE APPLICATION OF CERTAIN BENEFITS

The present law permits a married employee retiring for disability, or on immediate annuity with at least 15 years of service, to elect a reduction in his annuity and thereby provide an annuity to the surviving spouse. The reduction is 5 percent of the first \$1,500 of annuity, plus 10 percent of any excess over \$1,500, plus three-fourths of 1 percent for each full year the spouse is under age 60 at the date of the employee's retirement; however, the maximum reduction is 25 percent.

From April 1, 1948, through September 29, 1949, this election was available only to married male employees. The required reduction was 10 percent of total annuity, plus three-fourths of 1 percent for each year the wife was under 60, with a maximum reduction of 25 percent.

Section 3 gives the current reduction formula to employees retired in the above period who then elected reduced annuities. The actual increase in annuity payments would operate prospectively.

The Commission is opposed to this retroactive proposal, and urges the deletion of all of section 3 for the following reasons:

1. Retroactive application of any retirement liberalization is objectionable in principle, except where such retroactivity is necessary to correct an obvious inequity. This proposal will not correct an inequity; it provides a gift for a relatively small group.

2. About 5,300 retired employees will benefit from enactment of this provision, their annuities being increased a maximum of \$75 a year; the average increase will be about \$64. The reduction in annuity which they elected was not an excessive price for the survivor benefit provided.

3. The liberalization in 1949 is only one of many changes which have been made in the Retirement Act over the years. There is no apparent reason why this particular change should be singled out for retroactive application.

4. Enactment of this provision will establish a most dangerous precedent. One of the basic purposes of the Civil Service Retirement System is to offer an inducement to well-qualified people to enter and to make a career of the Federal service. Liberalizations in the retirement system from time to time are necessary and desirable in carrying out this purpose. There is not the same reason for making such liberalizations apply retroactively to individuals already retired. If this principle were adopted, improvement of the system will be seriously impeded by the large costs involved.

5. If this retroactive provision is enacted, the precedent it creates will be used as the basis for a strong argument from persons retired before the effective date of S. 2875 that any liberalizations resulting therefrom should be made available to them. The cost of applying all provisions of S. 2875 retroactively is prohibitive.

SECTION 4. CONTINUANCE OF PRIOR RIGHTS

This confirms the general prospective application of amendments contained in the bill, and specifically preserves the theretofore existing rights of persons separated before the bill's effective date.

SECTION 5. VICE PRESIDENT

Special provision is made for the present Vice President to obtain retirement coverage, which will assure him annuity rights in the event he is separated before completing a year of service subject to the Civil Service Retirement Act.

SECTION 6. FUTURE SALARY INCREASES TO INCLUDE INCREASES TO ANNUITANTS

This section declares it to be the policy of Congress to correspondingly adjust the annuities of retired employees in the future whenever any general adjustment is made in the salaries of Government employees. This will not operate to automatically raise or lower annuities with salary changes, but Congress must act specifically in each instance.

SECTION 7. FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUTSIDE THE UNITED STATES TO AVOID PROSECUTION

This section extends the bar against annuity payments to a case where the employee or former employee, under indictment for one of

the crimes specified in the basic act of September 1, 1954, willfully remains outside the country for more than 1 year after December 31, 1956, in order to avoid prosecution. This is apparently in line with the general intention of the basic act.

SECTION 8. EFFECTIVE DATE

The bill will become effective January 1, 1957.

SUMMARY

In summary, the major recommendations of the Commission for amendment of S. 2875 are as follows:

1. Retain the present legal requirement that an employee retiring for disability have served at least 1 year subject to the act within the 2-year period preceding separation, as is true in the case of retirement for any other reason.

2. Retain present 6 percent retirement deduction rate.

3. Eliminate the option to retire after 30 years of service without regard to age.

4. Retain the present reduction in annuity for nondisability retirement before age 60.

5. Change the general annuity computation formula to provide $1\frac{3}{4}$ percent of average salary (or 1 percent plus \$25) times all years of service.

6. Eliminate provisions for free and automatic survivor annuity and retain present law provisions requiring a reduction of 5 percent of the first \$1,500 of annuity and 10 percent of any annuity over \$1,500.

7. Eliminate the provision for a complete recomputation of annuity after reemployment of an annuitant, but allow the supplementary annuity earned during reemployment.

8. Eliminate retroactive application of a current annuity computation provision to employees who retired between April 1, 1948, and September 29, 1949.

Attached are (1) a table showing estimated added costs under S. 2875 compared with estimated added costs if the Commission's recommendations for changes are adopted, and (2) a table showing distribution of total annual costs under present law, S. 2875, and the Commission's proposed amendments.

The Commission has received requests for reports on a number of general bills now pending before your committee carrying H. R. Nos. 2378, 3935, 8789, 8812, 8848, 8851, 8911, 9244, 9391, 9473, 9652, 10059, 10073, 10112, 10162, 10219, 10225, 10304, 10638, 10775, 10,925, 11,004, and 11,276, most of which follow S. 2875 as originally introduced and propose amendments identical with or very similar to items discussed in this report. Since these bills will apparently not receive separate consideration by the 84th Congress, the Commission will not undertake the stupendous task of making a detailed analysis and reporting on each of them individually.

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

Estimated added annual costs of major changes in the Civil Service Retirement Act under S. 2875 and under proposed Civil Service Commission amendments

Section of S. 2875	Item	Added annual cost	
		S. 2875	Civil Service Commission amendments
6	Retirement after 30 years of service at any age, with lower reduction	\$51,000,000	-----
6	Immediate annuities on involuntary separation after age 50 and 20 years of service	5,000,000	\$4,000,000
9	Liberalized annuity computation formula	240,000,000	127,000,000
9	Minimum disability benefit	17,000,000	17,000,000
10	Immediate annuities to widows and dependent widowers of employees dying in service	12,000,000	10,000,000
10	Larger children's annuities	9,000,000	9,000,000
10	Annuities to surviving spouses of retiring employees	112,000,000	8,000,000
11	Larger refunds and lump-sum payments due to higher employee deductions	20,000,000	-----
1	Elimination of interest on refunds and lump-sum payments	-12,000,000	-10,000,000
	Total added annual cost	454,000,000	165,000,000
	Distribution of total added annual cost:		
	Added annual employee cost due to increase from 6 percent to 7 percent in deduction rate	90,000,000	-----
	Added annual Government cost	364,000,000	165,000,000
	Total added annual cost	454,000,000	165,000,000

Annual costs under present Civil Service Retirement Act, S. 2875, and proposed Civil Service Commission amendments

	Percentage of payroll			Millions of dollars		
	Employee	Government	Total	Employee	Government	Total
Present law:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>			
Normal	6.00	4.92	10.92	\$537	\$440	\$977
Interest		4.50	4.50		403	403
Total	6.00	9.42	15.42	537	843	1,380
S. 2875:						
Normal	7.00	7.36	14.36	627	658	1,285
Interest		6.14	6.14		549	549
Total	7.00	13.50	20.50	627	1,207	1,834
Proposed Civil Service Commission amendments:						
Normal	6.00	6.17	12.17	537	552	1,089
Interest		5.09	5.09		456	456
Total	6.00	11.26	17.26	537	1,008	1,545

JUNE 25, 1956.

HON. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. MURRAY: Testimony before your committee in the hearings on the bill S. 2875, and questions directed to witnesses by committee members, indicate the possibility of a growing misunderstanding concerning the cost estimates which the Commission has submitted. For this reason, I would like you to consider this letter as supplementary to the Commission's report on S. 2875 sent to your committee on June 15, 1956.

Pending retirement legislation reopens the never-ending argument about the nature and validity of cost estimates, which quite properly are a major factor in the consideration of proposed amendments to the Retirement Act.

Since 1921 the congressionally created Board of Actuaries of the civil-service retirement and disability fund—and the Commission during its more than 20 years as administrator of the System—have submitted cost estimates on a basis which recognizes the incidence of cost not at the time of benefit disbursement, but at the time of performance of service on which future benefit payments will be based. This sound and well-established concept does two important things:

1. It allocates cost to the period during which the benefit is earned, rather than to the period in which it is paid.
2. It offers a far better index of long-range cost than is afforded by estimates of actual benefit disbursements over a limited period of time.

An understanding of this fundamental and all-important distinction between incurred costs and past, present, or near-future disbursement levels places many contradictory statements in a true perspective. We hear, for example, that employees have borne the full cost of the System to date because they have contributed more than has been paid out in benefits. This completely ignores the fact that present employees—not yet in a benefit status—have contributed the major portion of total employee payments into the fund since 1920. The Retirement System guarantees them a minimum return of their money, regardless of how or when they leave the service.

We also hear that various liberalizations, such as those proposed in S. 2875, are possible at no increased cost because the present balance in the fund of \$6.5 billion, together with future employees deductions, would meet benefit payments for many years. This argument again ignores the obvious fact that every dollar of employee contributions represents at least \$1 of future benefit liability, and so long as a beneficiary can receive in benefits more than his own money—which is true of the great majority of annuitants—then an increase in benefits must involve increased costs.

We hear estimates on an incurred cost basis compared with immediate disbursements, and the disparity cited as proof of the unreliability of the estimates. For example, the Commission's estimate of \$454 million as the level added annual cost of S. 2875 has been compared with an estimate of \$10 million as the added benefit payments in the first year after its enactment. The two figures are by no means contradictory; the point is, they are not comparable because they represent two entirely different things.

We hear that actuarial cost estimates should be viewed with suspicion because they are approximate—they lack precision—they are crystal ball dreams and stargazing into the next century. The actuary is the first to admit that his estimates lack the exactness of the total of a grocery bill, with the cost of each item readily and accurately determined by the price stamped on the article. The very nature of the problem makes such precision out of the question.

Since actuarial estimates relate to the future, they must be based on assumptions of future experience with respect to the many factors which affect cost. Past experience is used as a guide to the future, and as changes in past experience are observed, assumptions are appropriately modified.

The more important factors involved in retirement cost estimates are listed below, together with brief comments on each item.

1. Rate of interest earned on the fund. This rate has been 3 percent since 1954; prior thereto it was 4 percent. A lower interest rate results in higher direct retirement costs.

2. Age and sex distribution of entrants into Government service. This is determined by periodic statistical studies. A lower age generally means a lower level cost, since there is a longer period of time over which the employee and the Government contribute.

3. Rates of withdrawal from service. The actuary does not assume that all employees stay through to retirement. The rate of withdrawal is high in the early years of service, and decreases thereafter.

4. Rates of death in service. The cost of survivor benefits is directly related to this item. The rates are of course higher at older ages.

5. Rates of disability retirement. Similar to rates of death, rates of disability increase with age.

6. Rates of optional retirement. Here again, the actuary does not assume that all employees retire when they are first eligible. These rates have an important effect on cost. Early retirement increases cost for two reasons; the annuity is paid longer and there is a shorter contributing period over which to accumulate its cost.

7. Rate of salary increase. Since contributions are a percentage of salary, and since annuity benefits are based on the highest 5-year average salary, this item has an important effect. No attempt is made to predict the timing and amount of future general pay increases.

8. Number and ages of children at death of employee or annuitant. Experience under the system provides this item, and determines the cost of children's benefits.

9. Percentage of retiring employees electing reduced annuities in order to provide survivor benefits. Under the present law, only two-thirds of eligible married men elect this benefit, and only 12 percent of eligible married women. S. 2875 proposes a substantial cost by providing a survivor benefit in all cases, and removing the reduction on the first \$2,400 of the retiring employee's annuity.

10. Marital status and age of spouse at employee's death or retirement. These are obvious factors in determining the cost of survivor benefits.

11. Rates of death after retirement, and rates of death and remarriage of spouse, following death of employee or annuitant. Since the cost of an annuity is determined by its amount and by the length of time it will be paid, the importance of these rates in affecting cost is apparent.

The Commission's cost estimates of the present Retirement Act and proposed amendments, including S. 2875, are based on the assumed future experience regarding the above listed items which was adopted by the Committee on Retirement Policy for Federal Personnel in its valuation of the civil service retirement system. This Committee was created by Congress in 1952 and spent \$217,800 in a thorough

study of the entire Federal retirement problem. It set up a Council of Actuaries, composed of representatives from the Department of Defense, the Department of the Treasury, the Department of Health, Education, and Welfare, the Civil Service Commission, and the Committee staff.

The Council of Actuaries reviewed and approved these assumptions; they have been adopted by the Board of Actuaries. Tables incorporating them are printed in part 4 of the Committee's reports to Congress, and in the 34th Annual Report of the Board of Actuaries, which is printed as House Document No. 350, 84th Congress, 2d session.

In summary, actuarial cost estimates are not created out of thin air, but are based on specified assumptions applied to present retirement coverage and existing or proposed benefit provisions. Estimates on an incurred cost basis appear high when compared with present benefit disbursements because the former are related to present coverage of 2 million employees with salaries of nearly \$9 billion, whereas the latter are related primarily to past coverage levels of less than 1 million employees. Past benefit payments are a guide to the future not in their amount, but in their trend. During the past 30 years they have increased as follows:

Fiscal year:	Benefit payments (millions)	Fiscal year—Continued	Benefit payments (millions)
1925-----	\$9	1945-----	153
1930-----	18	1950-----	266
1935-----	53	1955-----	428
1940-----	67		

Many factors have accounted for this increase—greater coverage, higher salaries, and benefit liberalizations, to name the more important. With coverage now at a point exceeded only temporarily during World War II, with Federal salaries at the highest level in history, and with present benefit provisions more liberal than those of the past, the trend in benefit payments must inevitably be upward for years to come. Actuarial cost estimates attempt to anticipate this situation.

The Commission's estimate of \$51 million as the added annual cost of 30-year optional retirement without regard to age, and with the liberalized reductions proposed by S. 2875, is an excellent example of the difference between an actuarial cost estimate and an immediate benefit disbursement estimate. No one contends that if S. 2875 were enacted, \$51 million would be paid out the first, second, or fifth year under this provision. Any such conclusion ignores the fact that the estimate is stated as a level annual amount. It is apparent that first year disbursements would start far below this figure and steadily increase as each year's retirements under the provision were added to the number then living of those retired in prior years.

From the previous description of the factors which go to make up an actuarial estimate, it is also apparent that \$51 million or any other figure cannot have the precision of the total of a column of figures or the result of multiplying one number by another. If no one exercised the option to retire prior to age 60, it would cost nothing to write these provisions of S. 2875 into the Retirement Act. If every employee could and did retire upon the completion of 30 years of service, the cost would be far more than \$51 million. The Commission most certainly made no such assumption in its estimate. Annual rates of

optional retirement, varying from 4 to 11 percent by age and by sex, were used as a basis for the estimate.

Employees whose Government service began prior to age 30, and those who will enter the service in the future below that age, constitute the group from which 30-year optional retirements below age 60 would come. In the census of Federal employees it compiled as of September 30, 1953, the Committee on Retirement Policy for Federal Personnel found the following:

Age at completion of 30 years' service	Number of employees by length of service		
	Total	Under 30 years	30 years and over
Under 55.....	536,900	511,920	24,980
55 to 59.....	545,580	510,020	35,560
Total under 60.....	1,082,480	1,021,940	60,540

The above table shows that there were then 24,980 employees in the service who had completed 30 years of service and who would have been eligible to retire below age 55 had S. 2875 then been in effect. An additional 35,560 had completed 30 years of service and were between the ages of 55 and 59. They were eligible to retire under the law then in effect, but under S. 2875 would have a greater incentive to exercise the option because of the higher benefit it offers through a 2 percent computation formula, lower reduction because of retiring before age 60, and no reduction whatever on the first \$2,400 of annuity in order to have survivor benefits.

However, employees who have already completed 30 years of service are not the sole source of cost under a 30-year optional retirement provision, and the Commission's estimate of \$51 million is not limited to this group. It recognizes the potential embodied in the far larger group of employees who now have less than 30 years of service, but who will complete 30 years before attaining age 55 or age 60. The Retirement Policy Committee census shows 511,920 employees then in the service who could complete 30 years before age 55, and 510,020 others who could do so before age 60. In total, over 1 million employees now in the service would be potential beneficiaries of the early retirement provisions of S. 2875.

Of course all of these employees will not stay in the service to complete 30 years, and the Commission's estimate is not based on any such assumption. The previously described rates of withdrawal, death, and disability are applied in order to estimate the number who will complete 30 years, and percentages (varying by age and sex) of the resulting reduced group are assumed to retire each year. The assumption that all will retire when first eligible is not embodied in the Commission's estimate.

While the estimate was not and could not properly be made from such simple arithmetic, the following examples will illustrate the magnitude of the cost of early retirement. An annuity which would normally commence at age 60 can begin at age 50 on an actuarially equivalent basis—meaning the two annuities have the same value and same cost—only if the amount payable from age 60 is reduced by 50.8 percent. S. 2875 proposes a reduction of only 16¼ percent.

At age 55, the actuarial reduction is 31.5 percent; S. 2875 proposes 6¼ percent as compared with 15 percent under the present law.

A male employee with a 5-year average salary of \$5,000 who now leaves the Government at age 50 after 30 years of service is entitled to a deferred annuity of \$2,250 at age 62. The value of that annuity is \$15,000 at age 50. Under S. 2875, he would be entitled to an immediate annuity of \$2,408, which has a value of \$38,600. The increase in cost is \$23,600.

If the age is changed to 55, other factors remaining the same, the employee is entitled to an immediate annuity of \$1,912 under the present law, having a value of \$27,100. S. 2875 would provide him an annuity of \$2,695 worth \$38,200, an increase of \$11,100.

The above illustrations are based on a salary of \$5,000. It is the Commission's considered opinion that a 30-year retirement option with no age restriction would be particularly attractive to employees in the higher grades who could better their Government salaries in private employment and at the same time receive substantial civil-service annuities, not as retirement income, but as supplements to larger salaries. In such cases the annuities and differences in cost would be greater than those illustrated above on a \$5,000 salary.

In summary, the Commission opposes the provisions of S. 2875 permitting optional retirement after 30 years of service regardless of age, with token reductions, not only on the basis of cost, but primarily because it is poor personnel policy for an employer to set up incentives for his experienced employees to leave his service at the peak of their effectiveness. The cost can be inconclusively argued back and forth; it cannot be proved or disproved because it depends on the future. But whatever its amount, it is a poor investment by the Government.

I would now like to call your attention to certain statements made before your committee in testimony advocating the need for larger annuity benefits as proposed by S. 2875. This testimony was to the effect that "79.7 percent of all annuitants on the rolls as of June 30, 1953, received annuities of less than \$2,000, and 49.9 percent received annuities of less than \$1,500. The average annuity of all employees on the rolls on June 30, 1954, was \$118 per month."

Had current figures been requested from us, the record would show that the average annuity of employees on the roll June 30, 1955, was increased to \$131 per month under Public Law 369, effective October 1, 1955. After these increases, the distribution by annual rate of annuity was as follows:

Annual rate of annuity	Employee annuitants, June 30, 1955	
	Number	Percent
Under \$600.....	38,365	17.0
\$600 to \$1,199.....	47,590	21.0
\$1,200 to \$1,799.....	41,071	18.2
\$1,800 to \$2,399.....	68,594	30.3
\$2,400 to \$2,999.....	18,522	8.2
\$3,000 and over.....	12,038	5.3
Total.....	226,180	100.0

This table shows that 43.8 percent of annuitants receive \$1,800 or more, and that 38 percent receive less than \$1,200. The reason for the size of the latter group is that the retirement system generously provides benefits after periods of service as short as 5 years. Since the benefits are related in amount directly to the length of service of the employee, the benefits cannot be fully adequate after brief periods of service. Rather, the objective is to provide benefits in amounts which are fully adequate after a career of Federal service, and proportionately lesser benefits to employees who spend only part of their working careers in Government employment. We see no legal or moral obligation for the Government to provide full retirement income to the employee whose working career totaled 40 or 45 years but who spent only 5 or 10 years in Federal service.

At the present time, 27 percent of the retired employees on the roll had less than 15 years of Federal service. Their average annuity is \$49 a month. Another 35 percent had between 15 and 30 years of Federal service; they receive an average annuity of \$122 a month. In the true career group with 30 or more years of service, 38 percent of the total, the annuity average is \$198 a month.

However, since S. 2875 does not deal with employees previously retired, but would affect only future retirements, it seems to us that the record should show more pertinent figures. The annuities of recent additions to the retired roll more accurately reflect current salary and benefit provisions. On page 192 of the Commission's Annual Report for the fiscal year ended June 30, 1955, an average annuity of \$134 per month is shown for employees who retired that year under the current provisions of the act. This average includes all short-service retirements, and does not include the increase of about 10 percent under Public Law 369. The same table shows that the average annuity (prior to the increase) of the career group retiring optionally after age 60 and 30 years of service was \$215 per month, after reduction in 59 percent of the cases due to election of survivor benefits.

In commenting on the Commission's cost estimate of \$466 million as the added annual cost of S. 2875 as reported by the Senate Committee on Post Office and Civil Service, a witness stated: "In analyzing the costs I found that when it came to estimating the cost of the improvements the Commission apparently used a payroll cost of \$20 billion, but when it came to estimating the amount of revenue that would be secured from the increased deduction they used a payroll cost of \$9 billion, which is the present payroll cost. When it came to costs they projected at a great rate, but when it came to revenue they projected not at all."

The Commission most emphatically refutes the allegation of such sleight of hand. We have been unable to find any basis for the completely erroneous conclusion that the Commission used a payroll of \$20 billion to project benefit costs. The same level payroll, \$8,952 million was used in estimates of both benefits and revenue.

A witness expressed the belief that the Commission has greatly overestimated the cost of S. 2875. He pointed out the obvious when he said that "all of these costs at the very best are estimates," and that "the estimated actuarial cost is approximate at best"; no one contends otherwise. While he did not say so in his testimony, the

implication seems to be that since no one can predict the future with pin-point precision, actuarial estimates have little or no validity because they involve projections into the future.

Since the Congress, from the inception of the Retirement Act in 1920, has provided for a Board of Actuaries, it seems evident to the Commission that the Congress desired to be informed of the future impact of retirement legislation. Unless we should be directed to do otherwise by the Congress, we propose to continue the submission of cost estimates on an actuarial basis, although fully realizing that they are not nearly as palatable and popular as short-term estimates which disguise the true cost of liberalizations to the Retirement Act.

In a statement before your committee, a witness made the following interesting observation "I could cite many instances pointing out the fact that the actuaries have always overestimated costs. I mean always. I have studied their estimates from the time the civil service retirement system was first established, and their estimates of cost have always been much higher than the actual cost."

He did not explain what he means by "actual cost." If he means past benefit payments, then he is comparing two completely dissimilar things, as I have pointed out in this letter.

I would now like to comment on a criticism which I understand has been directed against the Commission—proposed amendment to the annuity computation formula in S. 2875. We suggested that years of service be multiplied by $1\frac{1}{4}$ percent of the highest 5-year average salary, or by 1 percent of such salary plus \$25, whichever produced the larger amount. S. 2875 proposed the larger of $1\frac{1}{2}$ percent or 1 percent plus \$25 for the first 5 years of service, and the larger of 2 percent or 1 percent plus \$25 for all service in excess of 5 years. The criticism has been made that the Commission's proposal favors the high-salaried employee.

This is amazing in view of the fact that annuities for salaries of \$5,000 and above would be computed under the straight percentage plans— $1\frac{1}{4}$ percent under the Commission's proposal, and $1\frac{1}{2}$ and 2 percent under S. 2875. It is true that for short periods of service the Commission formula would produce slightly larger annuities, but for service over 10 years and salaries over \$3,333, S. 2875 would produce larger annuities in every case.

There are 4 salary groups to be considered in a detailed comparison of the 2 plans:

1. \$2,500 and below: Both plans produce the same annuity at all periods of service.
2. \$2,500–\$3,333: Annuities are the same only for 5 years of service; for all greater service, the S. 2875 formula results in larger annuities than the Commission proposal.

3. \$3,333–\$5,000: Depending on length of service, one formula produces larger annuities than the other at varying salary ranges, as shown below:

Years of service	Salary range in which annuity is larger under—	
	S. 2875	Commission proposal
5		\$3,333–\$5,000
6	\$3,333–\$3,571	3,572– 5,000
7	3,333– 3,846	3,847– 5,000
8	3,333– 4,166	4,167– 5,000
9	3,333– 4,545	4,546– 5,000
10 and over	3,333– 5,000	

4. \$5,000 and above: The Commission formula produces larger annuities than S. 2875 up to 10 years of service. The two plans are identical at exactly 10 years. At longer periods of service, S. 2875 produces larger annuities.

Attached to this letter are 5 tables comparing annuities under the 2 plans for service periods of 5, 10, 15, 20, and 30 years.

The Commission proposal did not include any change in the 1 per cent plus \$25 formula, which applies to salaries below \$3,333 under its plan, because at that salary level the formula is already liberal. The annuity per year of service, as a percentage of salary, is shown in the following table:

High 5-year average salary:	Annuity per year of service as percent of salary
\$500	6.00
\$1,000	3.50
\$1,500	2.67
\$2,000	2.25
\$2,500	2.00
\$3,000	1.83

I have written at length on the points covered in this letter because I believe your committee should be fully and currently informed about them as promptly as possible.

Sincerely yours,

PHILIP YOUNG, *Chairman.*

CIVIL SERVICE RETIREMENT SYSTEM

Illustrative annuities based on 5 years of service under present law, S. 2875, and proposed Civil Service Commission amendment to S. 2875

Average salary	Annual rate of annuity			Annuity as percent of salary		
	Present law	S. 2875	Civil Service Commission amendment	Present law	S. 2875	Civil Service Commission amendment
				<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
\$1,000-----	\$175	\$175	\$175	17.5	17.5	17.5
\$2,500-----	250	250	250	10.0	10.0	10.0
\$3,000-----	275	275	275	9.2	9.2	9.2
\$3,500-----	300	300	306	8.6	8.6	8.8
\$4,000-----	325	325	350	8.1	8.1	8.8
\$4,500-----	350	350	394	7.8	7.8	8.8
\$5,000-----	375	375	438	7.5	7.5	8.8
\$7,500-----	562	562	656	7.5	7.5	8.8
\$10,000-----	750	750	875	7.5	7.5	8.8

Illustrative annuities based on 10 years of service under present law, S. 2875, and proposed CSC amendment to S. 2875

Average salary	Annual rate of annuity			Annuity as percent of salary		
	Present law	S. 2875	Civil Service Commission amendment	Present law	S. 2875	Civil Service Commission amendment
				<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
\$1,000-----	\$350	\$350	\$350	35.0	35.0	35.0
\$2,500-----	500	500	500	20.0	20.0	20.0
\$3,000-----	550	575	550	18.3	19.2	18.3
\$3,500-----	600	650	612	17.1	18.6	17.5
\$4,000-----	650	725	700	16.2	18.1	17.5
\$4,500-----	700	800	788	15.6	17.8	17.5
\$5,000-----	750	875	875	15.0	17.5	17.5
\$7,500-----	1,125	1,312	1,312	15.0	17.5	17.5
\$10,000-----	1,500	1,750	1,750	15.0	17.5	17.5

Illustrative annuities based on 15 years of service under present law, S. 2875, and proposed CSC amendment to S. 2875

Average salary	Annual rate of annuity			Annuity as percent of salary		
	Present law	S. 2875	Civil Service Commission amendment	Present law	S. 2875	Civil Service Commission amendment
				Percent	Percent	Percent
\$1,000.....	\$525	\$525	\$525	52.5	52.5	52.5
\$2,500.....	750	750	750	30.0	30.0	30.0
\$3,000.....	825	875	825	27.5	29.2	27.5
\$3,500.....	900	1,000	919	25.7	28.6	26.2
\$4,000.....	975	1,125	1,050	24.4	28.1	26.2
\$4,500.....	1,050	1,250	1,181	23.3	27.8	26.2
\$5,000.....	1,125	1,375	1,312	22.5	27.5	26.2
\$7,500.....	1,688	2,062	1,969	22.5	27.5	26.2
\$10,000.....	2,250	2,750	2,625	22.5	27.5	26.2

Illustrative annuities based on 20 years of service under present law, S. 2875, and proposed CSC amendment to S. 2875

Average salary	Annual rate of annuity			Annuity as percent of salary		
	Present law	S. 2875	Civil Service Commission amendment	Present law	S. 2875	Civil Service Commission amendment
				Percent	Percent	Percent
\$1,000.....	\$700	\$700	\$700	70.0	70.0	70.0
\$2,500.....	1,000	1,000	1,000	40.0	40.0	40.0
\$3,000.....	1,100	1,175	1,100	36.7	39.2	36.7
\$3,500.....	1,200	1,350	1,225	34.3	38.6	35.0
\$4,000.....	1,300	1,525	1,400	32.5	38.1	35.0
\$4,500.....	1,400	1,700	1,575	31.1	37.8	35.0
\$5,000.....	1,500	1,875	1,750	30.0	37.5	35.0
\$7,500.....	2,250	2,812	2,625	30.0	37.5	35.0
\$10,000.....	3,000	3,750	3,500	30.0	37.5	35.0

Illustrative annuities based on 30 years of service under present law, S. 2875, and proposed Civil Service Commission amendment to S. 2875

Average salary	Annual rate of annuity			Annuity as percent of salary		
	Present law	S. 2875	Civil Service Commission amendment	Present law	S. 2875	Civil Service Commission amendment
				Percent	Percent	Percent
\$1,000.....	\$800	\$800	\$800	80.0	80.0	80.0
\$2,500.....	1,500	1,500	1,500	60.0	60.0	60.0
\$3,000.....	1,650	1,775	1,650	55.0	59.2	55.0
\$3,500.....	1,800	2,050	1,838	51.4	58.6	52.5
\$4,000.....	1,950	2,325	2,100	48.8	58.1	52.5
\$4,500.....	2,100	2,600	2,362	46.7	57.8	52.5
\$5,000.....	2,250	2,875	2,625	45.0	57.5	52.5
\$7,500.....	3,375	4,312	3,938	45.0	57.5	52.5
\$10,000.....	4,500	5,750	5,250	45.0	57.5	52.5

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is shown in the column on the left, new matter is shown in the column on the right):

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(Civil Service Retirement Act of May 29, 1930, as now in effect)	(Civil Service Retirement Act, as proposed by S. 2875, as passed by the Senate)
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DEFINITIONS

SEC. 1. Wherever used in this Act—

✓ (a) The term “employee” shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this Act applies.

✓ (b) The term “Member” shall mean the Vice President, a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico, and, except for purposes of section 2, shall mean a Member to whom this Act applies.

✓ (c) The term “congressional employee” means an employee of the Senate or House of Representatives or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, a member of the Capitol Police force, an employee of the Vice President if such employee’s compensation is dis-

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bursed by the Secretary of the Senate, and an employee of a Member if such employee's compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.

✓ (d) The term "basic salary" shall not include bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That the term "basic salary" shall not include military pay for persons who enter upon active military service after the effective date of this Act: *And provided further*, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term "basic salary" shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made thereon as provided in section 4.

✓ (e) The term "average salary" shall mean the largest annual rate resulting from averaging, over any period of five consecutive years of creditable service, a Member's or an employee's rates of basic salary in effect during such period, with each rate weighted by the time it was in effect.

✓ (f) The term "fund" shall mean the civil service retirement and disability fund created by the Act of May 22, 1920.

✓ (g) The terms "disabled" and "disability" shall mean totally disabled for useful and efficient service in the grade or class of position last occupied by the employee or Member by reason of

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disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the five years next prior to becoming so disabled.

(h) The term "widow", for purposes of section 10, shall mean the surviving wife of an employee or ✓ Member who was married to such individual for at least two years immediately preceding his death or is the mother of issue by such marriage.

(i) The term "widower", for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least two years immediately preceding her death or is the father of issue by such marriage. The term "dependent widower", for purposes of section 10, shall mean a "widower" who is incapable of self-support by reason of mental or physical disability, and who received more than one-half his support from such employee or Member.

(j) The term "child", for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the ✓ Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support.

(k) The term "Government" shall mean the executive, judicial, and legislative branches of the United States Government, including ✓ Government-owned or controlled corporations and Galaudet College, and the municipal government of the District of Columbia.

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(l) The term "lump-sum credit" shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956. The lump-sum credit shall not include interest if the service covered thereby aggregates one year or less, nor shall it include interest for the fractional part of a month in the total service.

(m) The term "Commission" shall mean the United States Civil Service Commission.

(n) The term "annuitant" shall mean any former employee or Member who, on the basis of his service, has met all requirements of the Act for title to annuity and has filed claim therefor.

(o) The term "survivor" shall mean a person who is entitled to annuity under this Act based on the service of a deceased employee or Member or of a deceased annuitant.

(p) The term "survivor annuitant" shall mean a survivor who has filed claim for annuity.

(q) The term "service" shall mean employment which is creditable under section 3.

ELIGIBILITY FOR SUPERANNUATION
RETIREMENT

SEC. 1. (a) Any officer or employee to whom this Act applies who shall have attained or shall hereafter attain the age of sixty years and have rendered at least thirty years of service computed

(r) The term "military service" shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States.

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as prescribed in section 5 of this Act, or who shall have attained or shall hereafter attain the age of sixty-two years and have rendered at least fifteen years of such service, shall, upon separation from the service, be paid an annuity computed as provided in section 4 of this Act.

(b) Any officer or employee to whom this Act applies who shall have attained or shall hereafter attain the age of fifty-five years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act shall, upon separation from the service, be paid an annuity computed as provided in section 4 of this Act, reduced by one-fourth of 1 per centum for each full month such officer or employee is under the age of sixty years.

(c) Any officer or employee to whom this Act applies, after having rendered at least twenty-five years of service computed as prescribed in section 5 of this Act, shall, upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid an immediate life annuity computed as provided in section 4 of this Act reduced by one-fourth of 1 per centum for each full month such officer or employee is under the age of sixty years. This subsection shall become effective as of July 1, 1945.

(s) The term "Member service" shall mean service as a Member and shall include the period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as a Member.

IMMEDIATE RETIREMENT

SEC. 6. (a) Any employee who attains the age of sixty years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

(b) Any employee who completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.

(c) Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of fifty years and completes twenty years of service in the performance of such duties, may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retire from the service, and be paid an annuity computed as provided in section 9 (i). The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee.

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(d) Any officer or employee to whom this Act applies the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States (including any officer or employee engaged in such activity who has been transferred to a supervisory or administrative position) who is at least fifty years of age, and who has rendered twenty years of service or more in the performance of such duties (including the duties of a supervisory or administrative officer or employee) may, on his own application and upon the recommendation of the head of the department or agency in which he is serving, and with the approval of the Civil Service Commission, retire from the service; and the annuity of such officer or employee shall be equal to 2 per centum of his average basic salary for any five consecutive years of allowable service at the option of such officer or employee, multiplied by the number of years of service, not exceeding thirty years. The Civil Service Commission shall, upon recommendation by the head of the department or agency involved, determine whether such officer or employee is entitled to retirement under this subsection. In making such determination, the Commission shall give full consideration to the degree of hazard to which such officer or employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such officer or employee.

(d) Any employee who completes twenty-five years of service or who attains the age of fifty years and completes twenty years of service shall upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

(e) Any employee who attains the age of sixty-two years and completes five years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

(f) Any Member who attains the age of sixty-two years and completes five years of Member service, or who attains the age of sixty years and completes ten

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years of Member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. No Member or survivor of a Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of Member service.

AUTOMATIC SEPARATION

SEC. 2. (a) Except as provided in section 204 of the Act of June 30, 1932 (47 Stat. 404), and section 3 of the Act of July 13, 1937 (50 Stat. 512), any officer or employee to whom this Act applies who shall have completed fifteen years of service computed as provided in section 5 of this Act shall, on the last day of the month in which he attains the age of seventy years, or completes fifteen years of service if then beyond such age, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and the head of each department, branch, or independent office of the Government concerned shall notify each such employee under his direction of the date of his separation from the service at least sixty days in advance thereof: *Provided*, That should the head of the department, branch, or independent office fail, through error, to give timely notification, the employee's separation from the service shall not be effected without his consent until the expiration of said sixty-day period. Upon such separation, the officer or employee shall be eligible for retirement on annuity as provided in section 4 hereof. In the case of an officer or an employee of The Alaska Railroad, Territory of Alaska, or an officer or employee who is a citizen

MANDATORY SEPARATION

SEC. 5. (a) Except as herein-after provided, an employee who shall have attained the age of seventy years and completed fifteen years of service shall be automatically separated from the service. Such separation shall be effective on the last day of the month in which such employee attains the age of seventy years or completes fifteen years of service if then beyond such age, and all salary shall cease from that day.

(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least sixty days in advance thereof: *Provided*, That subsection (a) shall not take effect without the consent of the employee until sixty days after he has been so notified.

(c) The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.

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of the United States employed on the Isthmus of Panama by the Canal Zone Government or the Panama Canal Company, the provisions of this subsection shall apply upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama or in the Territory of Alaska.

(d) The automatic separation provisions of this section shall not apply to any person named in any Act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, to the Architect of the Capitol or any employee under the office of the Architect of the Capitol, or to any employee in the judicial branch within the classes made subject to the Civil Service Retirement Act of May 29, 1930, as amended, by the Act of July 13, 1937.

(e) In the case of an officer or employee of The Alaska Railroad, Territory of Alaska, or an officer or employee who is a citizen of the United States employed on the Isthmus of Panama by the Panama Canal Company or the Canal Zone Government, the provisions of this section shall apply upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama or in the Territory of Alaska.

(b) No person who is receiving an annuity under the provisions of this Act and who has reached the age of sixty years shall be eligible again to appointment to any appointive office, position, or employment under the Government of the United States or of the District of Columbia, unless the appointing authority determines that he is possessed of special qualifications: *Provided*, That no deductions for the retirement fund shall be withheld

REEMPLOYMENT OF ANNUITANTS

✓ SEC. 13. (a) Notwithstanding any other provision of law, an annuitant heretofore or hereafter retired under this Act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

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from the salary, pay, or compensation of such person, but there shall be deducted from his salary, pay, or compensation otherwise payable a sum equal to the retirement annuity allocable to the period of actual employment: *Provided further*, That the annuity in such case shall not be redetermined upon such person's subsequent separation from the service.

(b) If an annuitant under this Act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this Act) hereafter becomes employed in an appointive or elective position subject to this Act, annuity payments shall be discontinued during such employment and deductions for the retirement fund shall be withheld from his salary. If such annuitant performs actual full-time service for a period of at least one year, his right to future annuity shall be determined upon the basis of the law in effect at the time of termination of such period of employment and service performed during such period shall be credited for such purpose. If such annuitant does not perform actual full-time service for a period of at least one year, his annuity payments shall be resumed in the same amount and amounts deducted from his salary during such period of employment shall be returned upon the expiration of such period. If an annuitant under this Act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, or (2) a Member retired under this Act) hereafter becomes employed in an appointive or elective position not subject to this Act, annuity payments shall be discontinued during

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such reemployment and resumed in the same amount upon termination of such employment.

(c) If a Member heretofore or hereafter retired under this Act hereafter becomes employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: *Provided*, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his service as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity.

EMPLOYEES TO WHOM THE ACT
SHALL APPLY

COVERAGE

- ✓ SEC. 3. (a) This Act shall apply to all officers and employees in or under the executive, judicial, and legislative branches of the United States Government, and to all officers and employees of the municipal government of the District of Columbia, except elective officers in the executive branch of the Government, and to all officers and employees of the Columbia Institution for the Deaf: *Provided*, That this Act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of such governments: *Provided further*, That this Act shall not apply to any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, until he gives notice in writing to the disbursing officer by whom his
- SEC. 2. (a) This Act shall apply to each employee and Member, except as hereinafter provided.
- (b) This Act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.
- (c) This Act shall not apply to any Member or to any congressional employee until he gives notice in writing, within six months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.
- (d) This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing, within six months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.

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salary is paid, of his desire to come within the purview of this Act; and any officer or employee within such classes may, within sixty days after January 24, 1942, withdraw from the purview of this Act by giving similar notice of such desire. In the case of any officer or employee in the service of the legislative branch of the Government on January 24, 1942, such notice of desire to come within the purview of this Act must be given within the calendar year 1942. In the case of any officer or employee of the legislative branch of the Government who enters the service after January 24, 1942, such notice of desire to come within the purview of this Act must be given within six months after the date of entrance of the service.

Notwithstanding any other provision of this Act, any officer or employee in the legislative branch of the Government within the classes of officers or employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, serving in such position on the effective date of this Act, may give notice of his desire to come within the purview of this Act at any time prior to July 1, 1948.

For the purposes of this Act, the Official Reporters of the proceedings and debates of the Senate and persons employed by them in connection with the performance of their duties as such reporters shall be deemed to be officers or employees in or under the legislative branch of the Government, and service heretofore or hereafter rendered as an Official Reporter of Debates of the Senate or as a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their duties as such

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reporters shall be deemed to be service as an officer or employee in or under the legislative branch of the Government. The provisions of this Act shall not apply to any such Official Reporter or person employed by them until he gives notice in writing to the said Official Reporters of his desire to come within the purview of this Act. In the case of any such Official Reporter or person employed by them who is in service on the date of enactment of this subsection, such notice of desire to come within the purview of this Act must be given within six months after such date. In the case of any such Official Reporter or person employed by them who enters the service subsequent to the date of enactment of this subsection, such notice of desire to come within the purview of this Act must be given within six months after the date of such entrance into the service. No provision of this or any other Act relating to automatic separation from the service shall be applicable to any such Official Reporter or person employed by them.

Notwithstanding any other provision of this Act, any officer or employee in the legislative branch of the Government within the classes of officers or employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, serving in such position on the effective date of this paragraph, may give notice of his desire to come within the purview of this Act at any time prior to January 30, 1950.

Notwithstanding any other provision of this Act, any officer or employee in the legislative branch of the Government within the classes of officers or employees which were made eligible for the benefits of this Act by the Act of

(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent, except that no employee shall be excluded under this subsection after he shall have had more than nine months' continuous service.

(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code;

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July 13, 1937, the Act of June 21, 1947, or the Act of July 23, 1953, serving in such position on the date of enactment of this paragraph, may give notice of his desire to come within the purview of this Act at any time prior to the expiration of six months after such date of enactment.

(b) The President shall have power, in his discretion, to exclude from the operation of this Act any officer or employee or group of officers or employees in the executive branch of the service whose tenure of office or employment is intermittent or of uncertain duration.

(c) The provisions of this Act shall not apply to employees of the Senate or the House of Representatives whose employment is temporary or of uncertain duration unless such employees are appointed at an annual rate of salary: *Provided*, That chairmen of committees shall give notice in writing to the disbursing office concerned on or before the date when the services of such employees are to commence or terminate, or when salary changes are to become effective; or to temporary employees of the Administrative Office of the United States Courts or of the courts specified in section 610 of title 28 of the United States Code; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the Office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

SEC. 3A. Notwithstanding any other provision of this Act—

(1) This Act shall not apply to any Member of Congress until he gives notice in writing, while serving as a Member of Congress, to

and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the Office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

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the disbursing officer by whom his salary is paid of his desire to come within the purview of this Act. Such notice may be given by a Member of Congress within six months after the date of enactment of the Legislative Reorganization Act of 1946 or within six months after any date on which he takes an oath of office as a Member of Congress.

(2) In the case of any Member of Congress who gives notice of his desire to come within the purview of this Act, the amount required to be deposited for the purposes of section 9 with respect to services rendered after the date of enactment of the Legislative Reorganization Act of 1946, shall be a sum equal to 6 per centum of his basic salary, pay, or compensation for such services, together with interest computed at the rate of 4 per centum per annum compounded on December 31 of each year; and the amount to be deducted and withheld from the basic salary, pay, or compensation of each such Member of Congress for the purposes of section 10 shall be a sum equal to 6 per centum of such basic salary, pay, or compensation.

(3) No person shall be entitled to receive an annuity as provided in this section until he shall have become separated from the service after having had at least six years of service as a Member of Congress and have attained the age of sixty-two years, except that (A) any such Member who shall have had at least five years of service as a Member of Congress may, subject to the provisions of section 6 and of paragraph (4) of this section, be retired for disability, irrespective of age, and be paid an annuity computed in accordance with paragraph (5) of this section, and (B) any such Member

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who shall have become separated from the service after having had at least ten years of service as a Member of Congress and have attained the age of sixty years may receive an annuity computed in accordance with paragraph (5) of this section reduced by one-fourth of 1 per centum for each full month he is under the age of sixty-two years.

(4) No Member of Congress shall be entitled to receive an annuity under this Act unless there shall have been deducted and withheld from his basic salary, pay, or compensation for the last five years of his service as a Member of Congress, or there shall have been deposited under section 9 with respect to such last five years of service, the amounts specified in paragraph (2) of this section with respect to so much of such five years of service as was performed after the date of enactment of the Legislative Reorganization Act of 1946 and the amount specified in section 9 with respect to so much of such five years of service as was performed prior to such date.

(5) Subject to the provisions of section 9 and of subsections (b) and (c) of section 4, the annuity of a Member of Congress shall be an amount equal to—

(A) two and one-half per centum of the average annual basic salary, pay, or compensation received by him subsequent to the date of the enactment of the Legislative Reorganization Act of 1946, as amended, for civilian service used in the computation of an annuity under this paragraph, multiplied by the sum of his years of service as a Member of Congress and his years of active service performed as a member of the Armed Forces of the United States prior to his

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separation from service as a Member of Congress;

(B) two and one-half per centum of such average annual basic salary, pay, or compensation multiplied by the sum of the years, not exceeding fifteen, of his service performed as an employee described in section 4 (g) prior to his separation from service as a Member of Congress, other than any such service which he may elect to exclude; and

(C) one and one-half per centum of such average annual basic salary, pay, or compensation multiplied by the years of his allowable service, other than service used in computing annuity under clauses (A) and (B), performed prior to his separation from service as a Member of Congress, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this paragraph exceed an amount equal to three-fourths of the basic salary, pay, or compensation that he is receiving at the time of his separation from service as a Member of Congress.

(6) In the case a Member of Congress who becomes separated from the service before he completes an aggregate of 20 years of service as a Member of Congress, and who is not retired, the total amount deducted from his basic salary, pay, or compensation as a Member of Congress, together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded on December 31 of each year to date of separation shall, upon application therefor, be returned to such Member of Congress. No such Member of Congress shall thereafter become eligible to receive an annuity as provided in this section unless he again becomes a Member of Con-

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gress and redeposits the amounts so returned with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year and covering periods of service as a Member of Congress.

(7) If any person takes office as a Member of Congress while receiving an annuity as provided in this section, the payment of such annuity shall be suspended during the period for which he holds such office; but, if he gives notice as provided in paragraph (2) of this section, his service as a Member of Congress during such period shall be credited in determining the amount of his subsequent annuity.

(8) Nothing contained in this Act shall be construed to prevent any person eligible therefor from simultaneously receiving an annuity computed in accordance with this section and an annuity computed in accordance with section 4, but in computing the annuity under section 4 in the case of any person who (A) has had at least six years' service as a Member of Congress, and (B) has served as a Member of Congress at any time after the date of enactment of the Legislative Reorganization Act of 1946, service used in the computation of an annuity under this section shall not be credited.

(9) No provision of this or any other Act relating to automatic separation from the service shall be applicable to any member of Congress.

(10) As used in this section, the term "Member of Congress" means a Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico; and the term "service as a Member of Congress" shall include the period

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from the date of the beginning of the term for which a Member of Congress is elected or appointed to the date on which he takes office as such a Member; and the term "basic salary, pay, or compensation" includes (A) amounts received, for periods beginning on or subsequent to the effective date of this clause, as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and (B) amounts received as such allowance for any period after January 2, 1953, and prior to such effective date, if the Member of Congress so elects and makes deposit therefor at the rate of \$150 per annum together with interest thereon at 3 per centum per annum, compounded on December 31 of each year and covering periods of service as a Member of Congress; and the term "active service performed as a member of the armed forces of the United States" means (A) active service performed as a member of such forces, during any war or national emergency proclaimed by the President or declared by the Congress, by a Member of Congress who left or leaves his office for the purpose of performing such service and (B) any other periods of active service, not to exceed an aggregate of five years, performed as a member of such forces, but shall not include any such service for which credit is allowed for the purposes of retirement or retired pay under any other provision of law, including Title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948.

METHOD OF COMPUTING ANNUITIES

SEC. 4. (a) The annuity of an officer or employee retired under this Act shall be a life annuity,

COMPUTATION OF ANNUITY

SEC. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring un-

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terminable upon the death of the annuitant and shall be an amount equal to the following: (1) 1½ per centum of the average annual basic salary, pay, or compensation received by the officer or employee during any five consecutive years of allowable service at the option of the officer or employee multiplied by the years of service, or (2) 1 per centum of the average annual basic salary, pay, or compensation received by the officer or employee during any five consecutive years of allowable service at the option of the officer or employee multiplied by the years of service, plus a sum equal to \$25 for each year of such service: *Provided*, That in no case shall the annuity exceed an amount equal to 80 per centum of the highest average annual basic salary, pay, or compensation received by the officer or employee during five consecutive years of allowable service.

der this Act shall be (1) the larger of (A) 1½ per centum of the average salary multiplied by so much of the total service as does not exceed five years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as does not exceed five years, plus (2) the larger of (A) 2 per centum of the average salary multiplied by so much of the total service as exceeds five years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds five years: *Provided*, That the annuity shall not exceed 80 per centum of the average salary: *Provided further*, That the annuity of an employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

(b) Any officer or employee retiring under the provisions of section 1, 2, or 6 of this Act may, at the time of retirement, elect to receive in lieu of the life annuity described herein a reduced annuity and an annuity after death payable to his or her surviving widow or widower designated by such officer or employee at time of retirement equal to 50 per centum of such life annuity. The life annuity of the officer or employee making such election shall be reduced by 5 per centum of so much thereof as does not exceed \$1,500, plus 10 per centum of the balance of such life annuity, and shall be further reduced by three-fourths of 1 per centum of such life annuity for each full year, if any,

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the designated wife or husband is under the age of sixty at the date of such retirement, but the total reduction shall in no case be more than 25 per centum of such life annuity. The annuity of such widow or widower shall begin on the first day of the month in which the death of the officer or employee occurs or the first day of the month following the widow's or widower's attainment of age fifty, whichever is the later, and such annuity or any right thereto shall terminate upon his or her death or remarriage.

(c) Any unmarried officer or employee in good health retiring under the provisions of section 1 or 2 of this Act may at the time of his retirement elect to receive in lieu of the life annuity described herein a reduced annuity payable to him during his life, and an annuity after his death payable to a survivor annuitant having an insurable interest in such officer or employee, duly designated in writing and filed with the Civil Service Commission at the time of his retirement, during the life of such survivor annuitant equal to 50 per centum of such reduced annuity and upon the death of such survivor annuitant all payments shall cease and no further annuity shall be due and payable. The annuity hereunder payable to the officer or employee shall be 90 per centum of the life annuity otherwise payable if the survivor annuitant is the same age or older than the annuitant, or is less than five years younger than the annuitant; 85 per centum if the survivor annuitant is five but less than ten years younger; 80 per centum if the survivor annuitant is ten but less than fifteen years younger; 75 per centum if the survivor annuitant is fifteen but less than twenty years younger; 70 per centum if the sur-

(b) The annuity of a congressional employee retiring under this Act shall, if he so elects at the time his annuity commences, be (1) $2\frac{1}{2}$ per centum of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of fifteen years, plus (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so much of the remainder of his total service as does not exceed five years, plus (3) 2 per centum of the average salary multiplied by so much of the remainder of his total service as exceeds five years: *Provided*, That the annuity shall not exceed 80 per centum of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least five years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit, covering his last five years of civilian service, and (3) has served as a congressional employee during the last eleven months of his civilian service: *Provided further*, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his

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vivor annuitant is twenty but less than twenty-five years younger; and 60 per centum if the survivor annuitant is twenty-five or more years younger. No such election shall be valid until the retiring officer or employee shall have satisfactorily passed a physical examination as prescribed by the Civil Service Commission. No person shall be eligible to receive an annuity under this subsection and an annuity under subsection (c) of section 12, based upon the service of the same officer or employee, covering the same period of time.

(d) For the purpose of this Act all periods of service shall be computed in accordance with section 5 hereof, and the monthly annuity installment shall be fixed at the nearest dollar.

(e) Except as provided in sections 501 and 522 (b) of the Federal Employees Pay Act of 1945, as amended, the term "basic salary, pay, or compensation", wherever used in this Act, shall be so construed as to exclude from the operation of the Act all bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That in cases of officers and employees paid on a fee basis, the maximum "basic salary, pay, or compensation" which may be used for the purposes of this Act shall be \$10,000 per annum.

(f) In the case of an officer or employee retiring under the provisions of this Act, who is a citizen of the United States, the annuity otherwise computed under subsection (a) of this section shall be increased by an amount equal to \$36 multiplied by the number of years of service rendered in the Territory of Alaska between

service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

(c) The annuity of a Member retiring under this Act shall be an amount equal to—

(1) $2\frac{1}{2}$ per centum of the average salary multiplied by the total of his Member and creditable military service;

(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not

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March 12, 1914, and July 1, 1923, either in the employ of the Alaska Engineering Commission or The Alaska Railroad, or on the Isthmus of Panama between May 4, 1904, and April 1, 1914, either in the employ of the Isthmian Canal Commission or the Panama Railroad Company.

(g) Any officer or employee in the legislative branch of the Government within the classes of officers and employees made eligible for the benefits of this Act by the Act of July 13, 1937, the Act of June 21, 1947, or the Act of July 23, 1953, who is separated from service on or after the date of enactment of this subsection after having rendered at least five years of service as such an officer or employee and after having become entitled to an immediate or future annuity under this Act shall, if he so elects at the time of commencement of such annuity, be paid, in lieu of an annuity computed under subsection (a), a life annuity equal to the sum of the following:

(A) $2\frac{1}{2}$ per centum of the average salary, pay, or compensation received by him during any five consecutive years of allowable service at his option multiplied by the sum of the years, not exceeding fifteen, of his service as an employee described in this subsection and of his allowable military or naval service; and

(B) $1\frac{1}{2}$ per centum of such average salary, pay, or compensation multiplied by the years of his allowable service other than service used in computing annuity under clause (A).

In no case shall an annuity computed under this subsection exceed an amount equal to 80 per centum of the highest average annual salary, pay, or compensa-

tion exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude;

(3) $1\frac{1}{2}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as does not exceed five years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude; and

(4) 2 per centum of such average salary multiplied by his total service, other than service used in computing annuity under clauses (1), (2), and (3), performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

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tion received by the officer or employee during any five consecutive years of allowable service. No officer or employee shall be entitled to the benefits of this subsection unless (i) there shall have been deducted and withheld from his salary, pay, or compensation for the last five years of his allowable civilian service, or there shall have been deposited under section 9 with respect to such last five years of service, the amounts specified in section 9, and (ii) the last eleven months of his allowable civilian service shall have been performed as an employee described in this subsection. Service performed prior to the date of enactment of this subsection shall not be counted for the purposes of this subsection in the case of any person not serving as an officer or employee described in this subsection on such date unless such person performs at least eleven months of service as such an officer or employee subsequent to such date. Paragraphs (A) and (B) hereof shall also apply in the case of any person who was heretofore or is hereafter separated from the service with title to annuity and who hereafter serves as a Member of Congress.

In no case shall an annuity computed under this subsection exceed 80 per centum of the basic salary that he is receiving at the time of such separation from the service, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

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(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of thirty, one-eighth of 1 per centum for each full month in excess of thirty but not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee is under the age of sixty years at date of separation.

(e) The annuity as hereinbefore provided shall be reduced by 10 per centum of any deposit described in section 4 (c) remaining unpaid, unless the employee or Member shall elect to eliminate the service involved for purposes of annuity computation.

(f) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (2). The annuity of the employee or Member making such election, excluding any increase because of retirement under section 7, shall be reduced by 10 per centum of so much thereof as exceeds \$2,400.

(g) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 per centum of an annuity computed

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as provided in section 9 and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

(h) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Commission or The Alaska Railroad in the Territory of Alaska between March 12, 1914, and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

(i) The annuity of an employee retiring under section 6 (c) shall be 2 per centum of the average salary multiplied by the total service: *Provided*, That the annuity shall not exceed 80 per centum of the average salary.

COMPUTATION OF ACCREDITED
SERVICE

SEC. 5. Subject to the provisions of section 9 hereof, the aggregate period of service which forms the basis for calculating the amount of any annuity provided in this Act shall be computed from the date of original employment, whether as a classified or an unclassified officer or employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and periods of service as an officer or employee of the Columbia Institution for the Deaf, and of the Pan American Sanitary

CREDITABLE SERVICE

SEC. 3. (a) An employee's service for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

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Bureau, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States; in the case of an officer or employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of an officer or employee who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war, the period of the military service shall be included: *Provided*, That an officer or employee must have served for a total period of not less than five years exclusive of such military or naval service before he shall be eligible for annuity under this Act. Nothing in this Act shall be construed as to affect in any manner an officer's or employee's right to retired pay, pension, or compensation in addition to the annuity herein provided.

In computing length of service for the purposes of this Act, all periods of separation from the service, and so much of any leaves of absence as may exceed six months in the aggregate in any calendar year, shall be excluded, except leaves of absence granted employees while performing active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States or while receiving benefits under the United States Employees' Compensation Act, and in the case of substitutes in the Postal Service credit shall be given from

(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee or Member is awarded retired pay on account of Military service, the period of service upon which such retired pay is based shall not be included, unless such retired pay is awarded on account of a service-connected disability incurred in line of duty or is awarded under title III of Public Law 810, Eightieth Congress, except that for purposes of section 9 (c) (1), a Member (1)

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date of original appointment as a substitute.

No officer or employee to whom this Act applies who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the armed forces of the United States shall be considered as separated from such position for the purposes of this Act by reason of his service with the armed forces of the United States. This paragraph shall not be so construed as to prevent the payment of refunds as provided by section 7 (a) or 12 (b) of this Act.

In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, in the total service shall be eliminated.

Notwithstanding any provision of law to the contrary, title to annuity payable from the civil service retirement and disability fund shall not arise from any separation unless the officer or employee so separated has been separated by death or has, within the two-year period immediately preceding such separation, completed at least one year of creditable civilian service during which he was subject to this Act. Any annuity rights based on a separation which (a) terminated service meeting this requirement, or (b) occurred prior to this amendment, shall be restored upon separation from subsequent service which fails to meet said requirement. Any officer or employee who shall have given notice of his desire to come within the purview of this Act pursuant to the last paragraph of section 3 (a) of this Act shall be deemed for the purposes of this requirement to have been subject

shall be allowed credit only for periods of military service, not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (2) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

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to the provisions of this Act during any period of service or part thereof ending not later than September 30, 1954, with respect to which there shall have been deposited the amounts specified in section 9.

No credit shall be allowed for any service subsequent to the date of the separation on which title to annuity is based. Any amounts deducted from salary for retirement purposes during such service shall upon separation be refunded to such officer or employee without interest, and shall be subject to redeposit as provided in section 12 (b) (2) of this Act. Any such amount not so refunded to the officer or employee before his death shall be paid in the order of precedence prescribed in section 12 (e).

(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act.

(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

(g) An employee or Member must have, within the two-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

(h) An employee who (1) has at least five years' Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

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DISABILITY RETIREMENT—MEDICAL
EXAMINATION REQUIRED

SEC. 6. Any officer or employee to whom this Act applies who shall have served for a total period of not less than five years computed as provided in section 5 of this Act, and who, before meeting the age and service requirements for retirement under section 1 (a) hereof, becomes totally disabled for useful and efficient service in the grade or class of position occupied by the officer or employee, by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on the part of the officer or employee, shall upon his own application or upon the request or order of the head of the department, branch, or independent office concerned, be retired on an annuity computed in accordance with the provisions of section 4 hereof: *Provided*, That proof of freedom from vicious habits, intemperance, or willful misconduct for a period of more than five years next prior to becoming so disabled for useful and efficient service, shall not be required in any case. No officer or employee shall be retired under the provisions of this section unless examined by a medical officer of the United States, or a duly qualified physician or surgeon, or board of physicians or surgeons, designated by the Civil Service Commission for that purpose, and found to be disabled in the degree and in the manner specified herein. No claim shall be allowed under the provisions of this section unless the application for retirement shall have been executed prior to the applicant's separation from the service or within six months thereafter. The time limitation for execution of claims for retirements under the terms of this sec-

DISABILITY RETIREMENT

SEC. 7. (a) Any employee who completes five years of civilian service and who is found by the Commission to have become disabled shall, upon his own application or upon application by his department or agency, be retired on an annuity computed as provided in section 9. Any Member who completes five years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

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tion may be waived by the Civil Service Commission in case of an officer or employee who at the date of separation from service or within six months thereafter receiving hospital treatment, but the application in such case must be filed with the Civil Service Commission not later than six months after the termination of such hospitalization; in the case of any such person heretofore separated from service, application may be filed within six months after the effective date of this Act. Such time limitation may similarly be waived in the case of an officer or employee who at the date of separation from service or within six months thereafter is mentally incompetent, but the application in such case must be filed with the Civil Service Commission within one year from the date of restoration of such person to competency or the appointment of a fiduciary whichever is the earlier. Such time limitation may also be waived in the case of an officer or employee whose disabling condition is essentially chronic, deteriorative, or progressive in nature and can reasonably be assumed to have existed at date of separation, but the application in such case must be filed with the Civil Service Commission within one year after the date of separation; in the case of any such person heretofore separated from service, application may be filed within six months after the effective date of this Act.

(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to separation of the employee or Member from the service or within one year thereafter. This time limitation may be waived by the Commission for an individual who at the date of

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separation from service or within one year thereafter is mentally incompetent, if the application is filed with the Commission within one year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

(c) Each annuitant retired under this section or under section 6 of the Act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

Every annuitant retired under the provisions of this section unless the disability for which retired be permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Civil Service Commission by a medical officer of the United States, or a duly qualified physician or surgeon, or board of physicians or surgeons designated by the Civil Service Commission for that purpose, in order to ascertain the nature and degree of the annuitant's disability, if any. If an annuitant shall recover before reaching age sixty and be restored to an earning capacity which would permit him to be appointed to some appropriate position fairly comparable in compensation to the position occupied at the time of retirement, payment of the annuity shall be continued temporarily to afford the annuitant opportunity to seek such available position, but not

(d) If such annuitant, before reaching age sixty, recovers from his disability or is restored to an earning capacity fairly comparable to the current rate of compensation of the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) one year from the date of the medical examination showing such recovery, or (3) one year from the date of determination that he is so restored, whichever is earliest. Earning capacity shall be deemed restored if in each of two succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 per centum of the current rate of compensation of the position occupied immediately prior to retirement.

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in any case exceeding one year from the date of the medical examination showing such recovery. Should the annuitant fail to appear for examination as required under this section, payment of the annuity shall be suspended until continuance of the disability shall have been satisfactorily established. The Civil Service Commission may order or direct at any time such medical or other examination as it shall deem necessary to determine the facts relative to the nature and degree of disability of any officer or employee retired on an annuity under this section.

(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this Act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this Act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provision of this Act.

If a recovered disability annuitant whose annuity is discontinued subsequent to June 30, 1945, shall fail to obtain reemployment in any position included in the provisions of this Act, he shall be considered as having been separated from the service within the meaning of section 7 of this Act as of the date he was retired for disability and shall, after the discontinuance of the disability annuity, be entitled to a deferred annuity in accordance with the provisions of such section.

No person shall be entitled to receive an annuity unit the provisions of this Act, and compensation for injury or disability to himself under the provisions of the

(f) No person shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision in such Act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this Act on account of service rendered by him, or deny any concurrent benefit to such person under such Act of Septem-

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Act of September 7, 1916, entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," covering the same period of time; but this provision shall not be so construed as to bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time, nor shall this provision nor any provision in such Act of September 7, 1916, be construed as to deny to any person an annuity accruing to such person under this Act on account of service rendered by him, or to deny any concurrent benefit to such person under such Act of September 7, 1916, on account of the death of any other person.

Fees for examinations made under the provisions of this section, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Civil Service Commission, and such fees, together with the employee's reasonable traveling and other expenses incurred in order to submit to such examinations, shall be paid out of the appropriations for the cost of administering this Act.

Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties and for other purposes," approved September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such

ber, 7, 1916, as amended, on account of the death of any other person.

(g) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be trans-

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section of such Act of September 7, 1916, has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the United States Employees' Compensation Commission, shall be refunded to the United States Employees' Compensation Commission, to be covered into the Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Commission the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Commission for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the United States Employees' Compensation Commission shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

mitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

SEPARATION FROM THE SERVICE

LUMP-SUM BENEFITS

SEC. 7. (a) Should any officer or employee to whom this Act applies after having rendered five years of civilian service, computed as prescribed in section 5 of this Act, but less than twenty years of creditable civilian service and before becoming eligible for retirement under section 1 (a) of this Act become separated from the service, such officer or employee shall be paid as he may elect. (A) a deferred annuity beginning at the age of sixty-two years, or the age at separation if beyond the age

SEC. 11. (a) Any employee who is separated or transferred to a position not within the purview of this Act after he has completed five but less than twenty years of service, and any Member who is separated after he has completed five but less than twenty years of Member service, shall upon application therefor be paid the lump-sum credit. Any employee who is separated or transferred to a position not within the purview of this Act before he has completed five years' service, and any Mem-

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of sixty-two, computed as provided in section 4 (a) of this Act, or (B) the total amount credited to his individual account together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded on December 31 of each year to date of separation.

(b) Should any officer or employee to whom this Act applies, after having rendered at least twenty years of creditable civilian service and before becoming eligible for retirement under section 1 (a) of this Act become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of sixty-two years, or the age at separation if beyond the age of sixty-two, computed as provided in section 4 (a).

(c) All amounts returned to an officer or employee under this section must upon reinstatement, retransfer, or reappointment to a position within the purview of this Act, be redeposited, together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, by such officer or employee before he may receive any credit for the service covered by the refund. Such interest shall not be required for any period during which the officer or employee is separated from the service.

ber who is separated before he has completed five years of Member service, shall be paid the lump-sum credit. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act.

(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death;

Second, if there be no such beneficiary, to the widow or widower of the employee or Member;

Third, if none of the above, to the child or children of the employee or Member and descend-

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ants of deceased children by representation;

Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member;

Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

First, to the duly appointed executor or administrator of the estate of the survivor annuitant,

Second, if there is no such executor or administrator, pay-

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ment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

BENEFITS EXTENDED TO THOSE
ALREADY RETIRED

SEC. 8. (a) In the case of any officer or employee who before the effective date of this Act shall have been retired on annuity under the provisions of the Act of May 22, 1920, as amended, or section 8 (a) of the Act of June 16, 1933, the annuity shall be increased, effective on the first day of the second month following the month in which this Act is enacted by 25 per centum or \$300, whichever is the lesser: *Provided*, That each such annuitant may, prior to the effective date herein prescribed, elect to retain his or her present annuity, in lieu of the increased annuity provided by this section, and name his wife or her husband to receive upon his or her death one-half of his or her present annuity but not to exceed \$600 per annum during the remainder of the life of such surviving husband or wife and upon the death of such survivor no further annuity shall be due or payable. Any such annuitant who died during the period beginning on February 29, 1948, and ending on April 30, 1948, leaving a surviving wife or husband, shall be deemed to have made the election authorized in the foregoing proviso and to have named such wife or husband to receive an annuity as provided in such proviso, but no such annuity shall become due or payable to such wife or husband prior

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to April 1, 1948. Except as provided in this section, the amendments made by this Act shall not apply in the case of officers and employees retired prior to the effective date of this Act.

In case any officer or employee shall have been separated subsequent to January 23, 1942, and prior to the effective date of this Act and have acquired title to annuity under section 7 of the Act of May 29, 1930, as amended, beginning after such effective date, his rights shall be determined and annuity computed as though this Act had not been enacted: *Provided*, That any such officer or employee who has completed less than twenty years' civilian service may elect to forfeit his right to such annuity and elect to receive in lieu thereof the amount credited to his individual account together with interest compounded on December 31 of each year at the rate of 4 per centum to the date of his separation or December 31, 1947, whichever may be the earlier, and at the rate of 3 per centum for any period thereafter before April 1, 1948: *Provided further*, That if the separation of such officer or employee was involuntary, not by removal for cause on charges of misconduct or delinquency, the total amount of deductions, with such interest, shall be returned.

In the case of any officer or employee who, prior to the effective date of this Act, shall have been retired on an annuity under the provisions of the Alaska Railroad Retirement Act, as amended, the Canal Zone Retirement Act, as amended, or section 8 (b) of the Act of June 16, 1933, the annuity shall be increased effective April 1, 1948, by 25 per centum or \$300 whichever is the lesser: *Provided*, That each such annuitant may, prior to the expiration of sixty days following the date of enact-

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ment of this paragraph, elect to retain his or her present annuity, in lieu of the increased annuity provided by this paragraph, name his wife or her husband to receive upon his or her death one-half of his or her present annuity but not to exceed \$600 per annum during the remainder of the life of such survivor and upon the death of such survivor no further annuity shall be due or payable. Any such annuitant who shall have died between the effective date of this Act and the expiration of the said sixty-day period after the enactment of this paragraph leaving a surviving wife or husband shall be deemed to have named such wife or husband to receive an annuity as provided herein, but no such annuity shall become payable to such wife or husband prior to the date of enactment of this paragraph. Except as provided in this paragraph, the provisions of this Act shall not apply in the case of officers and employees of The Alaska Railroad, Territory of Alaska, or officers and employees of the Panama Canal or the Panama Railroad Company (1) retired prior to the effective date of this Act, or (2) separated prior to such date, in which case their refund or annuity rights shall be determined as though the Alaska Railroad Retirement Act and the Canal Zone Retirement Act had not been repealed: *Provided*, That there shall be deemed applicable as of July 29, 1942, to such officers and employees of the Panama Canal and the Panama Railroad Company, the provisions of the Act of July 30, 1947 (61 Stat. 521), respecting the return of amounts deducted from compensation.

(b) (1) In the case of any retired officer or employee mentioned in the first paragraph of subsection (a) who did not elect a survivor's annuity in accordance with the

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proviso in such subsection, there shall be payable upon his or her death, to his or her wife or husband to whom the annuitant was married before April 1, 1948, an annuity equal to one-half of his or her present annuity (excluding the increase therein under subsection (a)), but not to exceed \$600 per annum, during the remainder of the life of such survivor. The provisions of this paragraph shall apply in the case of any such annuitant who died subsequent to April 30, 1948.

(2) Any such retired officer or employee who elected a survivor's annuity in accordance with the proviso in subsection (a) shall be paid an increase in his annuity of 25 per centum or \$300 whichever is the lesser.

(c) (1) The annuity of any retired employee or of any survivor of a deceased or retired employee who, before the date of enactment of this amendment, was receiving or entitled to receive an annuity from the civil-service retirement and disability fund, shall be increased, effective on the first day of the second month following enactment of this amendment, by \$36 for each full six-month period elapsed between the commencing date of annuity and October 1, 1952: *Provided*, That such increase in annuity shall not exceed the smallest of the following amounts: (1) \$324, (2) 25 per centum of the annuity, including annuity purchased by voluntary contributions under the second paragraph of section 10 of this Act, as of August 31, 1952, or (3) the sum necessary to increase such annuity, exclusive of annuity purchased by voluntary contributions under the second paragraph of section 10 of this Act, to \$2,160: *And provided further*, That the increases to retired employees

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provided by this subsection shall not operate to increase the annuities of their survivors.

(2) The increases in annuity provided by this subsection shall be paid from the civil-service retirement and disability fund.

(d) (1) The annuity of any person who now or hereafter is receiving or entitled to receive an annuity from the civil-service retirement and disability fund shall be increased, effective on the first day of the second month following enactment of this amendment or on the commencing date of annuity, whichever is later, in accordance with the following schedule:

If annuity commences between—	Annuity not in excess of \$1,500 shall be increased by—	Annuity in excess of \$1,500 shall be increased by—
August 20, 1920, and June 30, 1955.	12 per centum...	8 per centum.
July 1, 1955, and December 31, 1955.	10 per centum...	7 per centum.
January 1, 1956, and June 30, 1955.	8 per centum...	6 per centum.
July 1, 1956, and December 31, 1956.	6 per centum...	4 per centum.
January 1, 1957, and June 30, 1957.	4 per centum...	2 per centum.
July 1, 1957, and December 31, 1957.	2 per centum...	1 per centum.

Such increase in annuity shall not exceed the sum necessary to increase such annuity, exclusive of annuity purchased by voluntary contributions under the second paragraph of section 10 of this Act, to \$4,104. The monthly installment of each annuity so increased shall be fixed at the nearest dollar.

(2) The increases provided by this subsection, when added to the annuities of retired employees, shall not operate to increase the annuities of their survivors, except

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that the annuity of any such survivor who becomes entitled to annuity shall be increased by the per centum provided in subsection (d) (1) of this section appropriate to the commencing date of such survivor's annuity.

DEFERRED RETIREMENT

SEC. 8. (a) Any employee who is separated from the service or transferred to a position not within the purview of this Act after completing five years of civilian service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

(b) Any Member who is separated from the service as a Member after completing five years of Member service may be paid an annuity beginning at the age of sixty-two years, computed as provided in section 9.

CREDIT FOR PAST SERVICE

SEC. 9. Each officer or employee within the purview of this Act shall deposit, with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to the credit of the "civil-service retirement and disability fund" a sum equal to $2\frac{1}{2}$ per centum of his basic salary, pay, or compensation received for services rendered after July 31, 1920, and prior to July 1, 1926; $3\frac{1}{2}$ per centum of the basic salary, pay, or compensation for services rendered from and after July 1, 1926, and prior to July 1, 1942; 5 per centum of said basic pay, salary, or compensation for services rendered from and after July 1, 1942, and prior to the first day of the first pay period which begins after June 30, 1948, and also 6 per centum thereafter, cov-

DEDUCTIONS AND DEPOSITS

SEC. 4. (a) From and after the first day of the first pay period which begins after December 31, 1956, there shall be deducted and withheld from each employee's basic salary an amount equal to 7 per centum of such basic salary and from each Member's basic salary an amount equal to 8 per centum of such basic salary. From and after the first day of the first pay period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together

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ering service during which no deductions were withheld for deposit in the said fund, including any case in which such deductions are required to be made but are not made due to error on the part of the employing agency and such error being made without the knowledge of the employee affected by the mistake. Such interest shall not be required for any period during which the officer or employee is separated from the service. Each such officer or employee may elect to make such deposits in installments during the continuance of his service in such amounts and under such conditions as may be determined in each instance by the Civil Service Commission. The amount so deposited shall be credited to the individual account of the officer or employee in the said fund. Notwithstanding the failure of an officer or employee to make such deposit, credit shall be allowed for the service rendered, but the annuity of such employee shall be reduced by an amount equal to 10 per centum of the amount of such deposit, unless the officer or employee shall elect to eliminate such service entirely from credit under this Act: *Provided*, That no deposit shall be required for any service rendered prior to August 1, 1920, or for periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States or for any service rendered for the Panama Railroad Company prior to January 1, 1924.

(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered

with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section. Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.

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by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

	Percent- age of basic salary	Service period
Employee -	2½	August 1, 1920, to June 30, 1926.
	3½	July 1, 1926, to June 30, 1942.
	5	July 1, 1942, to June 30, 1948.
	6	July 1, 1948, to December 31, 1956.
	7	After December 31, 1956.
Member for Mem- ber ser- vice.	2½	August 1, 1920, to June 30, 1926.
	3½	July 1, 1926, to June 30, 1942.
	5	July 1, 1942, to August 1, 1946.
	6	August 2, 1946, to December 31, 1956.
	8	After December 31, 1956.

(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this Act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period

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included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually. Such deposit may be made in one or more installments

(f) Under such regulations as may be prescribed by the Commission, amounts deducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

DEDUCTIONS AND DONATIONS

SEC. 10. Beginning as of July 1, 1942, there shall be deducted and withheld from the basic salary, pay, or compensation of each officer or employee to whom this Act applies a sum equal to 5 per centum of such officer's or employee's basic salary, pay, or compensation: *Provided*, That from and after the first day of the first pay period which begins after June 30, 1948, there shall be deducted and withheld from the basic salary, pay, or compensation of each officer or employee to whom this Act applies a sum equal to 6 per centum of such officer's or employee's basic salary, pay, or compensation. The amounts so deducted and withheld from the basic salary, pay, or compensation of each officer or employee shall, in accordance with such procedure as may be prescribed by the Comptroller General of the United

ADDITIONAL ANNUITIES

SEC. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 per centum of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unre-funded contributions, plus interest at 3 per centum per annum compounded annually to date of separation or transfer to a position not within the purview of this Act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death, whichever is earlier.

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States, be deposited in the Treasury of the United States to the credit of the civil-service retirement and disability fund created by the Act of May 22, 1920, and said fund is hereby appropriated for the payment of annuities, refunds, and allowances as provided in this Act.

Any officer or employee may at his option and under such regulations as may be prescribed by the Civil Service Commission deposit additional sums in multiples of \$25 but not to exceed 10 per centum of his annual basic salary, pay, or compensation, for service rendered since August 1, 1920, which amount together with interest thereon at 3 per centum per annum compounded as of December 31 of each year, shall, at the date of his retirement, be available to purchase, as he shall elect and in accordance with such rules and regulations as may be prescribed by the Civil Service Commission, an annuity in addition to the annuity provided by this Act. The life annuity shall consist of \$7 for each \$100, increased by 20 cents for each full year, if any, such officer or employee is over the age of 55 years at the date of retirement. In the event of death or separation from the service of such officer or employee before becoming eligible for retirement on annuity, the total amount so deposited, with interest at 3 per centum per annum to date of death or separation compounded on December 31 of each year, shall be refunded in accordance with the provisions of section 12 of this Act. In case a retired employee who is receiving a life annuity under this paragraph shall die without having received in annuity purchased by the total amount so deposited, with interest at 3 per centum per annum compounded on December 31 of each year, to date of retire-

(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of fifty-five years at the date of retirement.

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ment, the difference shall be paid, upon the establishment of a valid claim therefor, in the order of precedence prescribed in section 12 (e).

The Secretary of the Treasury is hereby authorized and empowered in carrying out the provisions of this Act to supplement the individual contributions of employees with moneys received in the form of donations, gifts, legacies, or bequests, or otherwise, and to receive, deposit, and invest for the purposes of this Act all moneys which may be contributed by private individuals or corporations or organizations for the benefit of civil-service employees generally.

Every employee coming within the provisions of this Act shall be deemed to consent and agree to the deductions from salary, pay, or compensation as provided herein, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services rendered by such employee during the period covered by such payment, except the right to the benefits to which he shall be entitled under the provisions of this Act, notwithstanding the provisions of sections 167, 168, and 169 of the Revised Statutes of the United States, and of any other law, rule, or regulation affecting the salary, pay, or compensation of any person or persons employed in the civil service to whom this Act applies.

(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50 per centum of his reduced additional annuity. The additional annuity of the employee or Member making such election shall be reduced by 10 per centum, and by 5 per centum for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this Act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the commencing date of annuity.

(e) If any present or former employee or Member not retired dies, the voluntary contribution account shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the

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difference shall be paid under the provisions of section 11 (c).

CIVIL SERVICE RETIREMENT
AND DISABILITY FUND

SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act.

(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

INVESTMENTS AND ACCOUNTS

SEC. 11. The Secretary of the Treasury shall invest from time to time, in interest-bearing securities of the United States or Federal farm-loan bonds, such portions of the "civil-service retirement and disability fund" as in his judgment may not be immediately required for the payment of annuities, refunds, and allowances as herein provided, and the income derived from such investments shall constitute a part of said fund for the purpose of paying annuities and of carrying out the provisions of section 12 of this Act.

(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expira-

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tion of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

RETURNS OF AMOUNTS DEDUCTED
FROM SALARIES

SURVIVOR ANNUITIES

SEC. 12. (a) Under such regulations as may be prescribed by the Civil Service Commission the amounts deducted and withheld from the basic salary, pay, or compensation of each officer or employee for credit to the "civil-service retirement and disability fund" created by the Act of May 22, 1920, covering service from and after August 1, 1920, shall be credited to an individual account of such officer or employee.

(b) (1) In the case of any officer or employee to whom this Act applies who shall become absolutely separated from the service before he shall have completed an aggregate of five years of service computed as prescribed in section 5 of this Act, or who shall be transferred to a position not within the purview of this Act, the amount credited to his individual account together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded on December 31 of each year to date

SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a wife or husband to whom he or she was married at the time of retirement, such wife or husband shall be paid an annuity equal to (1) 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9, as may apply with respect to the annuitant, as does not exceed \$2,400.

(2) If a member or employee dies after having retired under any provision of this Act and is survived by a wife or husband designated under section 9 (f) such wife or husband shall be paid an annuity (in addition to any annuity payable under paragraph (1)) equal to 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), and (e) of section 9, as may apply with respect to the annuitant, as exceeds \$2,400.

(3) An annuity computed under this subsection shall begin on the

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of separation shall be returned to such officer or employee: *Provided*, That in computing interest under this subsection, a fractional part of a month in the total service covered by the refund shall be disregarded, and no interest shall be allowed in any case unless the service covered by the refund aggregates more than one year.

(2) All amounts returned to an officer or employee under this subsection must, upon reinstatement, retransfer, or reappointment to a position within the purview of this Act, be redeposited, together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, by such officer or employee before he may receive any credit for the service covered by the refund. Such interest shall not be required for any period during which the officer or employee is separated from the service.

(c) (1) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act and is survived by a widow, such widow shall be paid an annuity beginning the first day of the month following the death of the officer or employee or following the widow's attainment of age fifty, whichever is the later, equal to one-half the amount of an annuity computed as provided in section 4 (a), section 4 (g), or section 3A hereof, as the case may be, with respect to such officer or employee as if he had retired under the disability provisions of this Act: *Provided*, That such payments or any right thereto shall cease upon death or remarriage of the widow.

first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

(b) The annuity of a survivor designated under section 9 (g) shall be 50 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), and (g) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee dies, and such annuity or any right thereto shall terminate upon the survivor's death.

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(2) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act, or after having retired subsequent to such date of enactment under section 1, 2, 3A, or 6, and is survived by a widow and a child or children, such widow shall be paid an immediate annuity terminable upon death, remarriage, or attainment of age fifty. The annuity payable to the widow of such officer or employee shall be equal to one-half the amount of an annuity computed as provided in section 4 (a), section 4 (g), or section 3A hereof, as the case may be, with respect to such officer or employee as if he had retired under the disability provisions of this Act. The annuity payable to the widow of such annuitant shall be equal to one-half the amount of the annuity which such annuitant was receiving at the time of his death excluding any portion thereof purchased by voluntary contributions under the second paragraph of section 10, or, if such annuitant had elected a reduced annuity under subsection (b) or (c) of section 4, one-half of the annuity which such annuitant would have received if he had not made such election. There shall also be paid to or on behalf of each such child an immediate annuity equal to one-half the amount of the annuity of such widow, but not to exceed \$900 divided by the number of such children or \$360, whichever is lesser. Upon the death of such widow, the annuity of such child or children shall be recomputed and paid as provided in paragraph (3) of this subsection.

(c) If an employee dies after completing at least five years of civilian service, or a Member dies after completing at least five years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 per centum of an annuity computed as provided in subsections (a), (b), (c), and (e) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

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(3) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act or after having retired subsequent to such date of enactment under section 1, 2, 3A, or 6, and leaves no surviving widow or widower but leaves a surviving child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the amount of the annuity to which such widow would have been entitled under paragraph (2) of this subsection had she survived, but not to exceed \$1,200 divided by the number of such children or \$480, whichever is lesser.

(4) The annuity payable to a child under this subsection shall be terminable upon (A) his attaining the age of eighteen years, (B) his marriage, or (C) his death, whichever first occurs, except that if such child is incapable of self-support by reason of mental or physical disability his annuity shall be terminable only upon death, marriage, or recovery from such disability. In any case in which the annuity of a child, under this subsection, is terminated, the annuities of any other child or children, based upon the service of the same officer or employee, shall be recomputed and paid as though the child whose annuity was so terminated had not survived such officer or employee.

(d) As used in this section—

(1) The term "widow" means a surviving wife of an individual, who either (A) shall have been married to such individual for at least two years immediately preceding his death, or (B) is the mother of issue by such marriage.

(2) The term "child" means an unmarried child, including a de-

(d) If an employee dies after completing five years of civilian service or a Member dies after completing five years of Member service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband who is incapable of self-support by reason of mental or physical dis-

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pendent stepchild or an adopted child, under the age of eighteen years, or such unmarried child who because of physical or mental disability is incapable of self-support.

(3) Questions of dependency and disability arising under this section shall be determined by the Civil Service Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the nature and degree of disability of any annuitant or applicant for annuity under this section, and may suspend or deny any such annuity for failure to submit to any such examination.

ability and who received more than one-half of his support from such employee or Member, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employer's or Member's average salary divided by the number of children (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the wife or dependent husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, dependent husband or child had not survived the employee or Member.

(e) In any case in which—

(1) an officer or employee to whom this Act applies shall die before having rendered five years of civilian service computed as prescribed in section 5, or after having rendered five years of civilian service but without a survivor or survivors entitled to annuity benefits provided by subsection (c); or

(2) the right of all persons entitled to annuity under subsection (c) based on the service of such officer or employee shall terminate before a valid claim

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therefor shall have been established, the total amount credited to the individual account of such officer or employee with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31, of each year, to the date of death of such officer or employee, shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date title to the payment arises, in the following order of precedence, and such payment shall be a bar to recovery by any other person:

First, to the beneficiary or beneficiaries as the officer or employee may have designated by a writing received in the Civil Service Commission prior to death;

Second, if there be no such beneficiary, to the widow or widower of such officer or employee;

Third, if none of the above, to the child or children of such officer or employee and descendants of deceased children by representation:

Fourth, if none of the above, to the parents of such officer or employee or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such officer or employee;

Sixth, if none of the above, to other next of kin of such officer or employee as may be determined by the Civil Service Commission to be entitled under the laws of domicile of such officer or employee at the time of his death.

Determination as to widow or child shall be made by the Civil Service Commission without regard to the definition of these terms stated in subsection (d) of this section.

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(f) In case any separated officer or employee who is entitled to a deferred annuity as provided in section 7 hereof shall die before having established a valid claim for annuity, the total amount credited to his individual account with interest at 4 per centum per annum to December 31, 1947, or the date of separation, whichever is earlier, and 3 per centum per annum thereafter, compounded on December 31 of each year, to date of death, shall be paid upon the establishment of a valid claim therefor, in the order of precedence prescribed in subsection (e).

(g) In any case in which—

(1) a retired officer or employee shall die without a survivor entitled to annuity benefits provided by subsection (b) or (c) of section 4 or subsection (c) of this section, or

(2) a retired officer or employee shall die leaving a survivor or survivors entitled to such annuity benefits and the right to annuity of all such survivors shall terminate before a valid claim therefor shall have been established, or

(3) the annuities of all persons entitled to annuity based upon the service of an officer or employee shall terminate, before the aggregate amount of annuity paid equals the total amount credited to the individual account of such officer or employee with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to date of death or retirement of such officer or employee, whichever first occurs, the difference shall be paid, upon the establishment of a valid claim therefor, in the order

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of precedence prescribed in subsection (e).

(h) Any accrued annuity remaining unpaid upon the death of any retired officer or employee shall be paid, upon the establishment of a valid claim therefor, in the order of precedence prescribed in subsection (e). Any accrued annuity remaining unpaid upon the termination (other than by death) of the annuity of any person based upon the service of an officer or employee shall be paid to such person. Any accrued annuity remaining unpaid upon the death of any person receiving annuity based upon the service of an officer or employee shall be paid, upon the establishment of a valid claim therefor, in the following order of precedence:

First, to the duly appointed executor or administrator of the estate of such person;

Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such person, to such individual or individuals as may appear in the judgment of the Civil Service Commission to be legally entitled thereto, and such payment shall be a bar to recovery by any other individual.

(i) Where any payment under this Act is to be made to a minor, or to a person mentally incompetent or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been

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appointed under the laws of the State of residence of the claimant, the Civil Service Commission shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

(j) In case a former employee entitled to the return of the amount credited to his individual account shall become legally incompetent, the total amount due may be paid to a duly appointed guardian or committee of such former employee. If the amount of refund due such former employee does not exceed \$1,000, and if there has been no demand upon the Civil Service Commission by a duly appointed guardian or committee, payment may be made, after the expiration of thirty days from date of separation from the service, to such person or persons, in the discretion of the Commission, who may have the care and custody of such former employee, and such payments shall be a bar to recovery by any other person.

(k) Each employee or former employee to whom this Act applies may, under regulations prescribed by the Civil Service Commission, designate a beneficiary or beneficiaries for the purposes of this Act. Except where an application for benefits based on the death of the designator has been received in the Civil Service Commission not later than three months following the effective date of this amendment, all designations of beneficiary received in the Civil Service Commission more than one month before such effective date shall be null and void.

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PAYMENT OF ANNUITIES AND FORM
OF APPLICATION

PAYMENT OF BENEFITS

SEC. 13. Annuities granted under the terms of this Act shall accrue monthly and shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued. Payment of all annuities, refunds, and allowances granted hereunder shall be made by checks drawn and issued by the Treasury Department in such form and manner and with such safeguards as shall be prescribed by the Civil Service Commission in accordance with the laws, rules, and regulations governing accounting that may be found applicable to such payments.

Applications for annuity shall be in such form as the Civil Service Commission may prescribe, and shall be supported by such certificates from the heads of departments, branches, or independent offices of the Government in which the applicant has been employed as may be necessary to the determination of the rights of the applicant. Upon receipt of satisfactory evidence the Civil Service Commission shall forthwith adjudicate the claim of the applicant, and if title to annuity be established, a proper certificate shall be issued to the annuitant under the seal of the Civil Service Commission.

An annuity granted for retirement under the provisions of section 1 or 2 of this Act shall commence the first day of the month following the date of separation

SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age or disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence on the day following the day on which salary shall cease provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an employee or Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this Act occurs.

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from the service, or on the first day of the month following the month in which salary shall cease provided the employee meets the age and service requirements for retirement at that time, and shall continue during the life of the annuitant, except that the annuity of an elected officer of the Senate or House of Representatives and any annuity granted under the provisions of section 3A shall commence on the day following the day on which salary shall cease, provided the person entitled to such annuity meets the age and service requirements for annuity at that time. An annuity granted under the provisions of section 6 or 7 hereof shall be subject to the limitations specified in said sections.

The term "annuitant" as used in this Act shall include any employee who has met all requirements of the Act for title and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death. Nothing in this section shall be so construed as to reduce any benefit otherwise payable.

Any person entitled to annuity from the civil-service retirement and disability fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect.

SEC. 14. (Repealed, effective April 1, 1948.)

(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect.

(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who in the judgment of the Commission is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person.

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DUTIES OF THE CIVIL SERVICE
COMMISSION

SEC. 15. The Civil Service Commission shall keep a record of appointments, transfers, changes in grade, separations from the service, reinstatements, loss of pay, and such other information concerning individual service as may be deemed essential to a proper determination of rights under this Act; and shall prepare and keep all needful tables and records required for carrying out the provisions of this Act, including data showing the mortality experience of the employees in the service and the percentage of withdrawals from such service, and any other information that may serve as a guide for future valuations and adjustments of the plan for the retirement of employees under this Act.

BOARD OF ACTUARIES

SEC. 16. The Civil Service Commission is hereby authorized and directed to select three actuaries, one of whom shall be the Government actuary, to be known as the Board of Actuaries, whose duty it shall be to annually report upon the actual operations of this Act, with authority to recommend to the Civil Service Commission such changes as in their judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis, and they shall make a valuation of the "civil-service retirement and disability fund" at intervals of five years, or oftener if deemed necessary by the Civil Service Commission; they shall also prepare such tables as may be required by the Civil Service Commission for the purpose of computing annuities under this Act.

EXEMPTION FROM LEGAL
PROCESSES

SEC. 15. (a) None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this Act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there be any withholding of recovery of any moneys mentioned in this Act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

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The compensation of the members of the Board of Actuaries, exclusive of the Government actuary, shall be fixed by the Civil Service Commission.

ADMINISTRATION

SEC. 17. For the purpose of administration, except as otherwise provided herein, the Civil Service Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect. An appeal to the Civil Service Commissioners shall lie from the final action or order of the Civil Service Commission affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be as prescribed by the Civil Service Commission.

The Civil Service Commission shall make a detailed comparative report annually showing all receipts and disbursements on account of annuities, refunds, and allowances, together with the total number of persons receiving annuities and the total amounts paid them, and shall transmit to Congress the reports and recommendations of the Board of Actuaries.

The Civil Service Commission shall submit estimates of the appropriations necessary to finance the retirement and disability fund and to continue this Act in full force and effect.

Notwithstanding any other provision of this Act, there shall be no recovery of annuity payments from any annuitant under this Act who, in the judgment of the Civil Service Commission, is without fault and when, in the judg-

ADMINISTRATION

SEC. 16. (a) This Act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect.

(b) Applications under this Act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this Act.

(c) Questions of dependency and disability arising under this Act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Com-

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ment of the Civil Service Commission, such recovery would be contrary to equity and good conscience; nor shall there be any withholding or recovery of any moneys mentioned in this Act on account of any certification or payment made by any former officer or employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Civil Service Commission that such certification or payment involved fraud on the part of such officer or employee.

mission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this Act, and may suspend or deny any such annuity for failure to submit to any such examination.

(d) An appeal to the Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be prescribed by the Commission.

(e) Fees for examinations made under the provisions of this Act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this Act.

(f) The Commission shall publish an annual report upon the operations of this Act.

(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters

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referred to it by the Commission, and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of five years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such members as are in the employ of the United States, shall be fixed by the Commission.

EXEMPTION FROM EXECUTION,
AND SO FORTH

SEC. 18. None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, or attachment, garnishment, or other legal process.

SHORT TITLE

SEC. 18. This Act may be cited as the "Civil Service Retirement Act".



Union Calendar No. 1168

84TH CONGRESS
2D SESSION

S. 2875

[Report No. 2854]

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1956

Referred to the Committee on Post Office and Civil Service

JULY 21, 1956

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To revise the Civil Service Retirement Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Civil Service Retirement Act of May 29, 1930, as
4 amended, is amended to read as follows:

5 “DEFINITIONS

6 “SEC. 1. ~~Wherever used in this Act—~~

7 “(a) The term ‘employee’ shall mean a civilian officer
8 or employee in or under the Government and, except for
9 purposes of section 2, shall mean a person to whom this Act
10 applies.

1 “(b) The term ‘Member’ shall mean the Vice Presi-
2 dent, a United States Senator, Representative in Congress,
3 Delegate from a Territory, or the Resident Commissioner
4 from Puerto Rico, and, except for purposes of section 2
5 shall mean a Member to whom this Act applies.

6 “(c) The term ‘congressional employee’ means an em-
7 ployee of the Senate or House of Representatives or of a
8 committee of either House, an employee of a joint committee
9 of the two Houses, an elected officer of the Senate or House
10 of Representatives who is not a Member of either House, the
11 Legislative Counsel of the Senate and the Legislative Coun-
12 sel of the House of Representatives and the employees in
13 their respective offices, an Official Reporter of Debates of the
14 Senate and a person employed by the Official Reporters of
15 Debates of the Senate in connection with the performance of
16 their official duties, a member of the Capitol Police force, an
17 employee of the Vice President if such employee’s compen-
18 sation is disbursed by the Secretary of the Senate, and an em-
19 ployee of a Member if such employee’s compensation is dis-
20 bursed by the Secretary of the Senate or the Clerk of the
21 House of Representatives.

22 “(d) The term ‘basic salary’ shall not include bonuses,
23 allowances, overtime pay, or salary, pay, or compensation
24 given in addition to the base pay of the position as fixed by
25 law or regulation: *Provided*, That the term ‘basic salary’

1 shall not include military pay for persons who enter upon
2 active military service after the effective date of this Act;
3 *And provided further,* That for employees paid on a fee
4 basis, the maximum amount of basic salary which may be
5 used shall be \$10,000 per annum. For a Member, the term
6 'basic salary' shall include, from April 1, 1954, to February
7 28, 1955, the amount received as expense allowance under
8 section 601 (b) of the Legislative Reorganization Act of
9 1946, as amended, and such amount from January 3, 1953,
10 to March 31, 1954, provided deposit is made thereon as
11 provided in section 4.

12 “(c) The term ‘average salary’ shall mean the largest
13 annual rate resulting from averaging, over any period of
14 five consecutive years of creditable service, a Member's or
15 an employee's rates of basic salary in effect during such
16 period, with each rate weighted by the time it was in effect.

17 “(f) The term ‘fund’ shall mean the civil service retire-
18 ment and disability fund created by the Act of May 22,
19 1920.

20 “(g) The terms ‘disabled’ and ‘disability’ shall mean
21 totally disabled for useful and efficient service in the grade or
22 class of position last occupied by the employee or Member
23 by reason of disease or injury not due to vicious habits, in-
24 temperance, or willful misconduct on his part within the
25 five years next prior to becoming so disabled.

1 “(h) The term ‘widow’, for purposes of section 10,
2 shall mean the surviving wife of an employee or Member
3 who was married to such individual for at least two years
4 immediately preceding his death or is the mother of issue
5 by such marriage.

6 “(i) The term ‘widower’, for purposes of section 10,
7 shall mean the surviving husband of an employee or Member
8 who was married to such employee or Member for at least
9 two years immediately preceding her death or is the father
10 of issue by such marriage. The term ‘dependent widower’,
11 for purposes of section 10, shall mean a ‘widower’ who is
12 incapable of self-support by reason of mental or physical
13 disability, and who received more than one-half his support
14 from such employee or Member.

15 “(j) The term ‘child’, for purposes of section 10, shall
16 mean an unmarried child, including (1) an adopted child,
17 and (2) a stepchild or recognized natural child who received
18 more than one-half his support from and lived with the Mem-
19 ber or employee in a regular parent-child relationship, under
20 the age of eighteen years, or such unmarried child regardless
21 of age who because of physical or mental disability incurred
22 before age eighteen is incapable of self-support.

23 “(k) The term ‘Government’ shall mean the executive,
24 judicial, and legislative branches of the United States Gov-
25 ernment, including Government-owned or controlled cor-

1 perations and Gallaudet College, and the municipal govern-
2 ment of the District of Columbia.

3 “(l) The term ‘lump-sum credit’ shall mean the unre-
4 funded amount consisting of (1) the retirement deductions
5 made from the basic salary of an employee or Member, (2)
6 any sums deposited by an employee or Member covering
7 prior service, and (3) interest on such deductions and de-
8 posits at 4 per centum per annum to December 31, 1947,
9 and 3 per centum per annum thereafter compounded annu-
10 ally to December 31, 1956. The lump-sum credit shall not
11 include interest if the service covered thereby aggregates one
12 year or less, nor shall it include interest for the fractional
13 part of a month in the total service.

14 “(m) The term ‘Commission’ shall mean the United
15 States Civil Service Commission.

16 “(n) The term ‘annuitant’ shall mean any former em-
17 ployee or Member who, on the basis of his service, has met
18 all requirements of the Act for title to annuity and has filed
19 claim therefor.

20 “(o) The term ‘survivor’ shall mean a person who is
21 entitled to annuity under this Act based on the service of a
22 deceased employee or Member or of a deceased annuitant.

23 “(p) The term ‘survivor annuitant’ shall mean a sur-
24 vivor who has filed claim for annuity.

1 “(q) The term ‘service’ shall mean employment which
2 is creditable under section 3.

3 “(r) The term ‘military service’ shall mean honorable
4 active service in the Army, Navy, Air Force, Marine Corps,
5 or Coast Guard of the United States, but shall not include
6 service in the National Guard except when ordered to active
7 duty in the service of the United States.

8 “(s) The term ‘Member service’ shall mean service as
9 a Member and shall include the period from the date of the
10 beginning of the term for which the Member is elected or
11 appointed to the date on which he takes office as a Member.

12 ~~"COVERAGE~~

13 “SEC. 2. (a) This Act shall apply to each employee and
14 Member, except as hereinafter provided.

15 “(b) This Act shall not apply to the President, to any
16 judge of the United States as defined under section 451 of
17 title 28 of the United States Code, or to any employee of the
18 Government subject to another retirement system for Gov-
19 ernment employees.

20 “(c) This Act shall not apply to any Member or to any
21 congressional employee until he gives notice in writing,
22 within six months after the date of entrance into the serv-
23 ice, to the officer by whom his salary is paid, of his desire to
24 come within the purview of this Act.

25 “(d) This Act shall not apply to any temporary con-

gressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing, within six months after the date of entrance into the service, to the officer by whom his salary is paid, of his desire to come within the purview of this Act.

“(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent, except that no employee shall be excluded under this subsection after he shall have had more than nine months’ continuous service.

“(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the Office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

“CREDITABLE SERVICE

“SEC. 3. (a) An employee’s service for the purposes of this Act including service as a substitute in the postal service

1 shall be credited from the date of original employment to the
2 date of the separation upon which title to annuity is based
3 in the civilian service of the Government. Credit shall
4 similarly be allowed for service in the Pan American Sani-
5 tary Bureau. No credit shall be allowed for any period
6 of separation from the service in excess of three calendar
7 days.

8 “(b) An employee or Member shall be allowed credit
9 for periods of military service prior to the date of the separa-
10 tion upon which title to annuity is based; however, if an
11 employee or Member is awarded retired pay on account of
12 military service, the period of service upon which such re-
13 tired pay is based shall not be included, unless such retired
14 pay is awarded on account of a service-connected disability
15 incurred in line of duty or is awarded under title III of
16 Public Law 810, Eightieth Congress, except that for pur-
17 poses of section 9 (c) (1), a Member (1) shall be allowed
18 credit only for periods of military service, not exceeding
19 five years, plus any military service performed by the
20 Member upon leaving his office, for the purpose of per-
21 forming such service, during any war or national emergency
22 proclaimed by the President or declared by the Congress and
23 prior to his final separation from service as Member and
24 (2) may not receive credit for military service for which
25 credit is allowed for the purposes of retired pay under any

1 other provision of law. Nothing in this Act shall affect the
2 right of an employee or a Member to retired pay, pension,
3 or compensation in addition to the annuity herein provided.

4 “(c) Credit shall be allowed for leaves of absence
5 granted an employee while performing military service or
6 while receiving benefits under the Federal Employees’ Com-
7 pensation Act of September 7, 1916, as amended. Except
8 for a substitute in the postal service, there shall be excluded
9 from credit so much of any other leaves of absence without
10 pay as may exceed six months in the aggregate in any
11 calendar year.

12 “(d) An employee who during the period of any war,
13 or of any national emergency as proclaimed by the Presi-
14 dent or declared by the Congress, has left or leaves his posi-
15 tion to enter the military service shall not be considered, for
16 the purposes of this Act, as separated from his civilian posi-
17 tion by reason of such military service, unless he shall apply
18 for and receive a lump-sum benefit under this Act.

19 “(e) The total service of an employee or Member shall
20 be the full years and twelfth parts thereof, excluding from
21 the aggregate the fractional part of a month, if any.

22 “(f) An employee must have completed at least five
23 years of civilian service before he shall be eligible for annuity
24 under this Act.

1 “(g) An employee or Member must have, within the
 2 two-year period preceding any separation from service, other
 3 than a separation by reason of death or disability, com-
 4 pleted at least one year of creditable civilian service during
 5 which he was subject to this Act before he or his survivors
 6 shall be eligible for annuity under this Act based on such
 7 separation. Failure to meet this service requirement shall
 8 not deprive the individual or his survivors of any annuity
 9 rights which attached upon a previous separation.

10 “(h) An employee who (1) has at least five years’
 11 Member service and (2) has served as a Member at any time
 12 after August 2, 1946, shall not be allowed credit for any
 13 service which is used in the computation of an annuity
 14 under section 9 (e).

15 “DEDUCTIONS AND DEPOSITS

16 SEC. 4. (a) From and after the first day of the first
 17 pay period which begins after December 31, 1956, there
 18 shall be deducted and withheld from each employee’s basic
 19 salary an amount equal to 7 per centum of such basic salary
 20 and from each Member’s basic salary an amount equal to
 21 8 per centum of such basic salary. From and after the first
 22 day of the first pay period which begins after June 30, 1957,
 23 an equal sum shall also be contributed from the respective
 24 appropriation or fund which is used for payment of his
 25 salary, pay or compensation, or in the case of an elected

1 official, from such appropriation or fund as may be available
2 for payment of other salaries of the same office or establish-
3 ment. The amounts so deducted and withheld by each
4 department or agency, together with the amounts so con-
5 tributed, shall, in accordance with such procedures as may
6 be prescribed by the Comptroller General of the United
7 States, be deposited by the department or agency in the
8 Treasury of the United States to the credit of the fund.

9 There shall also be so credited all deposits made by employ-
10 ees or Members under this section. Amounts contributed
11 under this subsection from appropriations of the Post Office
12 Department shall not be considered as costs of providing
13 postal service for the purpose of establishing postal rates.

14 “(b) Each employee or Member shall be deemed to
15 consent and agree to such deductions from basic salary, and
16 payment less such deductions shall be a full and complete
17 discharge and acquittance of all claims and demands whatso-
18 ever for all regular services during the period covered by
19 such payment, except the right to the benefits to which he
20 shall be entitled under this Act, notwithstanding any law,
21 rule, or regulation affecting the individual's salary.

22 “(c) Each employee or Member credited with civilian
23 service after July 31, 1920, for which, for any reason what-
24 soever, no retirement deductions or deposits have been made,

- 1 may deposit with interest an amount equal to the following
 2 percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee -----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to December 31, 1956
	7-----	After December 31, 1956
Member for Mem- ber service: -----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946 to December 31, 1956
	8-----	After December 31, 1956

- 3 “(d) Each employee or Member who has received a
 4 refund of retirement deductions under this or any other
 5 retirement system established for employees of the Govern-
 6 ment covering service for which he may be allowed credit
 7 under this Act may deposit the amount received, with
 8 interest. No credit shall be allowed for the service covered
 9 by the refund until the deposit is made.

- 10 “(e) Interest under subsection (c) or (d) shall be
 11 computed from the midpoint of each service period included
 12 in the computation, or from the date refund was paid, to the
 13 date of deposit or commencing date of annuity, whichever is
 14 earlier. The interest shall be computed at the rate of 4 per
 15 centum per annum to December 31, 1947, and 3 per centum
 16 per annum thereafter compounded annually. Such deposit
 17 may be made in one or more installments.

- 18 “(f) Under such regulations as may be prescribed by
 19 the Commission, amounts deducted under subsection (a) and

1 deposited under subsections ~~(c)~~ and ~~(d)~~ shall be entered
2 on individual retirement records.

3 ~~“(g) No deposit shall be required for any service prior~~
4 ~~to August 1, 1920, for periods of military service or for any~~
5 ~~service for the Panama Railroad Company prior to January~~
6 ~~1, 1924.~~

7 “MANDATORY SEPARATION

8 “SEC. 5. ~~(a)~~ Except as hereinafter provided, an em-
9 ployee who shall have attained the age of seventy years and
10 completed fifteen years of service shall be automatically
11 separated from the service. Such separation shall be effec-
12 tive on the last day of the month in which such employee
13 attains the age of seventy years or completes fifteen years of
14 service if then beyond such age, and all salary shall cease
15 from that day.

16 ~~“(b)~~ Each employing office shall notify each employee
17 under its direction of the date of such separation from the
18 service at least sixty days in advance thereof: *Provided,*
19 *That subsection ~~(a)~~ shall not take effect without the con-*
20 *sent of the employee until sixty days after he has been so*
21 *notified.*

22 ~~“(c)~~ The President may, by Executive order, exempt
23 from automatic separation under this section any employee
24 when, in his judgment, the public interest so requires.

25 ~~“(d)~~ The automatic separation provisions of this section

1 shall not apply to any person named in any Act of Congress
2 providing for the continuance of such person in the service, to
3 any Member, to any congressional employee, to the Archi-
4 tect of the Capitol or any employee under the office of the
5 Architect of the Capitol, or to any employee in the judicial
6 branch within the classes made subject to the Civil Service
7 Retirement Act of May 29, 1930, as amended, by the Act
8 of July 13, 1937.

9 “(c) In the case of an officer or employee of The Alaska
10 Railroad, Territory of Alaska, or an officer or employee who
11 is a citizen of the United States employed on the Isthmus of
12 Panama by the Panama Canal Company or the Canal Zone
13 Government, the provisions of this section shall apply upon
14 his attaining the age of sixty-two years and completing fif-
15 teen years of service on the Isthmus of Panama or in the
16 Territory of Alaska.

17 “IMMEDIATE RETIREMENT

18 “SEC. 6. (a) Any employee who attains the age of sixty
19 years and completes thirty years of service shall, upon sepa-
20 ration from the service, be paid an annuity computed as pro-
21 vided in section 9.

22 “(b) Any employee who completes thirty years of serv-
23 ice shall, upon separation from the service prior to attain-
24 ment of the age of sixty years, be paid a reduced annuity
25 computed as provided in section 9.

1 “(c) Any employee the duties of whose position are
2 primarily the investigation, apprehension, or detention of
3 persons suspected or convicted of offenses against the criminal
4 laws of the United States, including any employee engaged
5 in such activity who has been transferred to a supervisory or
6 administrative position, who attains the age of fifty years and
7 completes twenty years of service in the performance of such
8 duties, may, if the head of his department or agency recom-
9 mends his retirement and the Commission approves, volun-
10 tarily retire from the service, and be paid an annuity com-
11 puted as provided in section 9 (i). The head of the depart-
12 ment or agency and the Commission shall give full considera-
13 tion to the degree of hazard to which such employee is
14 subjected in the performance of his duties, rather than the
15 general duties of the class of the position held by such
16 employee.

17 “(d) Any employee who completes twenty-five years
18 of service or who attains the age of fifty years and completes
19 twenty years of service shall upon involuntary separation
20 from the service not by removal for cause on charges of mis-
21 conduct or delinquency, be paid a reduced annuity computed
22 as provided in section 9.

23 “(e) Any employee who attains the age of sixty-two
24 years and completes five years of service shall, upon separa-

1 tion from the service, be paid an annuity computed as pro-
2 vided in section 9.

3 “(f) Any Member who attains the age of sixty-two
4 years and completes five years of Member service, or who
5 attains the age of sixty years and completes ten years of
6 Member service, shall, upon separation from the service, be
7 paid an annuity computed as provided in section 9. No
8 Member or survivor of a Member shall be entitled to receive
9 an annuity under this Act unless there shall have been
10 deducted or deposited the amounts specified in section 4 with
11 respect to his last five years of Member service.

12 “DISABILITY RETIREMENT

13 “SEC. 7. (a) Any employee who completes five years
14 of civilian service and who is found by the Commission to
15 have become disabled shall, upon his own application or
16 upon application by his department or agency, be retired
17 on an annuity computed as provided in section 9. Any Mem-
18 ber who completes five years of Member service and who is
19 found by the Commission to have become disabled shall,
20 upon his own application, be retired on an annuity computed
21 as provided in section 9.

22 “(b) No claim shall be allowed under this section unless
23 the application is filed with the Commission prior to sepa-
24 ration of the employee or Member from the service or within
25 one year thereafter. This time limitation may be waived by

1 the Commission for an individual who at the date of sepa-
2 ration from service or within one year thereafter is mentally
3 incompetent, if the application is filed with the Commission
4 within one year from the date of restoration of such individ-
5 ual to competency or the appointment of a fiduciary, which-
6 ever is the earlier.

7 “(c) Each annuitant retired under this section or under
8 section 6 of the Act of May 29, 1930, as amended, unless
9 his disability is permanent in character, shall at the expira-
10 tion of one year from the date of such retirement and annu-
11 ally thereafter, until reaching age sixty, be examined under
12 the direction of the Commission. If the annuitant fails to
13 submit to examination as required under this section, pay-
14 ment of the annuity shall be suspended until continuance of
15 the disability is satisfactorily established.

16 “(d) If such annuitant, before reaching age sixty, re-
17 covers from his disability or is restored to an earning capac-
18 ity fairly comparable to the current rate of compensation of
19 the position occupied at the time of retirement, payment of
20 the annuity shall cease (1) upon reemployment by the Gov-
21 ernment, (2) one year from the date of the medical examina-
22 tion showing such recovery, or (3) one year from the date of
23 determination that he is so restored, whichever is earliest.
24 Earning capacity shall be deemed restored if in each of two

1 succeeding calendar years the income of the annuitant from
2 wages or self-employment or both shall equal at least 80 per
3 centum of the current rate of compensation of the position
4 occupied immediately prior to retirement.

5 “(e) If such annuitant whose annuity is discontinued
6 under subsection (d) is not reemployed in any position in-
7 cluded in the provisions of this Act, he shall be considered,
8 except for service credit, as having been involuntarily sepa-
9 rated from the service for the purposes of this Act as of the
10 date of discontinuance of the disability annuity and shall,
11 after such discontinuance, be entitled to annuity in accord-
12 ance with the applicable provision of this Act.

13 “(f) No person shall be entitled to receive an annuity
14 under this Act and compensation for injury or disability to
15 himself under the Federal Employees' Compensation Act of
16 September 7, 1916, as amended, covering the same period
17 of time. This provision shall not bar the right of any claim-
18 ant to the greater benefit conferred by either Act for any
19 part of the same period of time. Neither this provision nor
20 any provision in such Act of September 7, 1916, as amended,
21 shall deny to any person an annuity accruing to such person
22 under this Act on account of service rendered by him, or
23 deny any concurrent benefit to such person under such Act of
24 September 7, 1916, as amended, on account of the death of
25 any other person.

1 “(g) Notwithstanding any provision of law to the con-
2 trary, the right of any person entitled to an annuity under
3 this Act shall not be affected because such person has received
4 an award of compensation in a lump sum under section 14
5 of the Act of September 7, 1916, as amended, except that
6 where such annuity is payable on account of the same dis-
7 ability for which compensation under such section has been
8 paid, so much of such compensation as had been paid for
9 any period extended beyond the date such annuity becomes
10 effective, as determined by the Department of Labor, shall
11 be refunded to the Department of Labor, to be covered into
12 the Federal Employees' Compensation Fund. Before such
13 person shall receive such annuity he shall (1) refund to such
14 Department the amount representing such commuted pay-
15 ments for such extended period, or (2) authorize the deduc-
16 tion of such amount from the annuity payable to him under
17 this Act, which amount shall be transmitted to such Depart-
18 ment for reimbursement to such fund. Deductions from such
19 annuity may be made from accrued and accruing payments,
20 or may be prorated against and paid from accruing payments
21 in such manner as the Department of Labor shall determine,
22 whenever it finds that the financial circumstances of the
23 annuitant are such as to warrant such deferred refunding.

24 “DEFERRED RETIREMENT

25 “SEC. 8. (a) Any employee who is separated from the

1 service or transferred to a position not within the purview
 2 of this Act after completing five years of civilian service
 3 may be paid an annuity beginning at the age of sixty-two
 4 years computed as provided in section 9.

5 “(b) Any member who is separated from the service as
 6 a Member after completing five years of Member service
 7 may be paid an annuity beginning at the age of sixty-two
 8 years, computed as provided in section 9.

9 “COMPUTATION OF ANNUITY

10 “SEC. 9. (a) Except as otherwise provided in this sec-
 11 tion, the annuity of an employee retiring under this Act
 12 shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the
 13 average salary multiplied by so much of the total service
 14 as does not exceed five years, or (B) 1 per centum of the
 15 average salary, plus \$25, multiplied by so much of the total
 16 service as does not exceed five years, plus (2) the larger
 17 of (A) 2 per centum of the average salary multiplied by
 18 so much of the total service as exceeds five years, or (B)
 19 1 per centum of the average salary, plus \$25, multiplied
 20 by so much of the total service as exceeds five years: *Pro-*
 21 *vided*, That the annuity shall not exceed 80 per centum of
 22 the average salary: *Provided further*, That the annuity of an
 23 employee retiring under section 7 shall be at least (1) 40
 24 per centum of the average salary or (2) the sum obtained
 25 under this subsection after increasing his total service by the

1 period elapsing between the date of separation and the date
2 he attains the age of sixty years, whichever is the lesser, but
3 this proviso shall not increase the annuity of any survivor.

4 “(b) The annuity of a congressional employee retiring
5 under this Act shall, if he so elects at the time his annuity
6 commences, be ~~(1)~~ $2\frac{1}{2}$ per centum of the average salary
7 multiplied by his military service and service as a congres-
8 sional employee, not exceeding a total of fifteen years, plus
9 ~~(2)~~ $1\frac{1}{2}$ per centum of the average salary multiplied by so
10 much of the remainder of his total service as does not exceed
11 five years, plus ~~(3)~~ 2 per centum of the average salary mul-
12 tiplied by so much of the remainder of his total service as
13 exceeds five years: *Provided*, That the annuity shall not
14 exceed 80 per centum of the average salary. This subsection
15 shall not apply unless the congressional employee ~~(1)~~ has
16 had at least five years' service as a congressional employee
17 ~~(2)~~ has had deductions withheld from his salary or made
18 deposit covering his last five years of civilian service, and
19 ~~(3)~~ has served as a congressional employee during the last
20 eleven months of his civilian service: *Provided further*, That
21 the annuity of a congressional employee retiring under sec-
22 tion 7 shall be at least ~~(1)~~ 40 per centum of the average
23 salary or ~~(2)~~ the sum obtained under this subsection after
24 increasing his service as a congressional employee by the
25 period elapsing between the date of separation and the date

1 he attains the age of sixty years, whichever is the lesser, but
 2 this provision shall not increase the annuity of any survivor.

3 “(c) The annuity of a Member retiring under this Act
 4 shall be an amount equal to—

5 “(1) $2\frac{1}{2}$ per centum of the average salary multi-
 6 plied by the total of his Member or creditable military
 7 service;

8 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
 9 plied by his total years of service, not exceeding fifteen,
 10 performed as a congressional employee prior to his sepa-
 11 ration from service as a Member, other than any such
 12 service which he may elect to exclude;

13 “(3) $1\frac{1}{2}$ per centum of such average salary multi-
 14 plied by so much of his total service, other than service
 15 used in computing annuity under clause (1) and (2),
 16 as does not exceed five years, performed prior to his
 17 separation from service as a Member, and other than
 18 any such service which he may elect to exclude; and

19 “(4) 2 per centum of such average salary multiplied
 20 by his total service, other than service used in com-
 21 puting annuity under clauses (1), (2), and (3), per-
 22 formed prior to his separation from service as a Mem-
 23 ber, and other than any such service which he may elect
 24 to exclude.

25 In no case shall an annuity computed under this subsection

1 exceed 80 per centum of the basic salary that he is receiving
2 at the time of such separation from the service, and in no
3 case shall the annuity of a Member retiring under section 7
4 be less than ~~(A)~~ 40 per centum of the average salary or
5 ~~(B)~~ the sum obtained under this subsection after increasing
6 his Member service by the period elapsing between the date
7 of separation and the date he attains the age of sixty years,
8 whichever is the lesser, but this provision shall not increase
9 the annuity of any survivor.

10 ~~“(d)~~ The annuity as hereinbefore provided, for an em-
11 ployee retiring under section 6 ~~(b)~~ or 6 ~~(d)~~, shall be re-
12 duced by one-twelfth of 1 per centum for each full month
13 not in excess of thirty, one-eighth of 1 per centum for each
14 full month in excess of thirty but not in excess of sixty, and
15 one-sixth of 1 per centum for each full month in excess of
16 sixty, such employee is under the age of sixty years at date
17 of separation.

18 ~~“(e)~~ The annuity as hereinbefore provided shall be re-
19 duced by 10 per centum of any deposit described in section
20 4 ~~(e)~~ remaining unpaid, unless the employee or Member
21 shall elect to eliminate the service involved for purposes of
22 annuity computation.

23 ~~“(f)~~ Any employee or Member retiring under section
24 6, 7, or 8 may at the time of retirement elect a reduced
25 annuity, in lieu of the annuity as hereinbefore provided, and

1 designate in writing his wife or husband to receive an
2 annuity after the retired individual's death computed as
3 provided in section 10 ~~(a)~~ ~~(2)~~. The annuity of the
4 employee or Member making such election, excluding any
5 increase because of retirement under section 7, shall be re-
6 duced by 10 per centum of so much thereof as exceeds
7 \$2,400.

8 ~~“(g)~~ Any unmarried employee or Member retiring
9 under section 6 or 8, and found by the Commission to be in
10 good health, may at the time of retirement elect a reduced
11 annuity, in lieu of the annuity as hereinbefore provided, and
12 designate in writing a person having an insurable interest
13 in the employee or Member to receive an annuity after the
14 retired individual's death. The annuity payable to the
15 employee or Member making such election shall be reduced
16 by 10 per centum of an annuity computed as provided in
17 section 9 and by 5 per centum of an annuity so computed
18 for each full five years the person designated is younger
19 than the retiring employee or Member, but such total reduc-
20 tion shall not exceed 40 per centum.

21 ~~“(h)~~ The annuity as hereinbefore provided, for an
22 employee who is a citizen of the United States, shall be
23 increased by \$36 multiplied by total service in the employ
24 of either the Alaska Engineering Commission or The Alaska
25 Railroad in the Territory of Alaska between March 12, 1914,

1 and July 1, 1923, or in the employ of either the Isthmian
2 Canal Commission or the Panama Railroad Company on
3 the Isthmus of Panama between May 4 1904, and April 1,
4 1914.

5 “(i) The annuity of an employee retiring under section
6 6 (e) shall be 2 per centum of the average salary multiplied
7 by the total service: *Provided*, That the annuity shall not
8 exceed 80 per centum of the average salary.

9 “SURVIVOR ANNUITIES

10 “SEC. 10. (a) (1) If a Member or employee dies after
11 having retired under any provision of this Act and is sur-
12 vived by a wife or husband to whom he or she was married
13 at the time of retirement, such wife or husband shall be paid
14 an annuity equal to (1) 50 per centum of so much of an
15 annuity computed as provided in subsections (a), (b), (c),
16 (d), and (e) of section 9, as may apply with respect to the
17 annuitant, as does not exceed \$2,400.

18 “(2) If a member or employee dies after having retired
19 under any provision of this Act and is survived by a wife
20 or husband designated under section 9 (f) such wife or
21 husband shall be paid an annuity (in addition to any annuity
22 payable under paragraph (1)) equal to 50 per centum of
23 so much of an annuity computed as provided in subsections
24 (ab), (b), (c), (d), and (e) of section 9, as may apply
25 with respect to the annuitant, as exceeds \$2,400.

1 “(3) An annuity computed under this subsection shall
 2 begin on the first day of the month in which the retired em-
 3 ployee dies, and such annuity or any right thereto shall ter-
 4 minate upon the survivor's death or remarriage.

5 “(b) The annuity of a survivor designated under sec-
 6 tion 9 (g) shall be 50 per centum of the reduced annuity
 7 computed as provided in subsections (a), (b), (c), (d),
 8 (e), and (g) of section 9 as may apply with respect to the
 9 annuitant. The annuity of such survivor shall begin on the
 10 first day of the month in which the retired employee dies,
 11 and such annuity or any right thereto shall terminate upon
 12 the survivor's death.

13 “(c) If an employee dies after completing at least five
 14 years of civilian service, or a Member dies after completing
 15 at least five years of Member service, the widow or depend-
 16 ent widower of such employee or Member shall be paid an
 17 annuity equal to 50 per centum of an annuity computed as
 18 provided in subsections (a), (b), (c), and (e) of section
 19 9 as may apply with respect to the employee or Member.
 20 The annuity of such widow or dependent widower shall
 21 begin on the first day of the month after the employee or
 22 Member dies, and such annuity or any right thereto shall
 23 terminate upon death or remarriage of the widow or widower,
 24 or upon the widower's becoming capable of self-support.

1 “(d) If an employee dies after completing five years of
2 civilian service or a Member dies after completing five years
3 of Member service, or an employee or a Member dies after
4 having retired under any provision of the Act, and is sur-
5 vived by a wife or by a husband who is incapable of self-
6 support by reason of mental or physical disability and who
7 received more than one-half of his support from such em-
8 ployee or Member, each surviving child shall be paid an
9 annuity equal to the smallest of ~~(1)~~ 40 per centum of the
10 employer's or Member's average salary divided by the num-
11 ber of children, ~~(2)~~ \$600, or ~~(3)~~ \$1,800 divided by the
12 number of children. If such employee or Member is not sur-
13 vived by a wife or husband, each surviving child shall be
14 paid an annuity equal to the smallest of ~~(1)~~ 50 per centum
15 of the employee's or Member's average salary divided by the
16 number of children, ~~(2)~~ \$720, or ~~(3)~~ \$2,160 divided by the
17 number of children. The child's annuity shall begin on the
18 first day of the month after the employee or Member dies,
19 and such annuity or any right thereto shall terminate upon
20 ~~(1)~~ his attaining age 18 unless incapable of self-support, ~~(2)~~
21 his becoming capable of self-support after age 18, ~~(3)~~ his
22 marriage, or ~~(4)~~ his death. Upon the death of the wife or
23 dependent husband or termination of the annuity of the child,
24 the annuity of any other child or children shall be recom-

1 puted and paid as though such wife, dependent husband, or
2 child had not survived the employee or Member.

3 ~~“LUMP-SUM BENEFITS~~

4 ~~“SEC. 11. (a)~~ Any employee who is separated or trans-
5 ferred to a position not within the purview of this Act after
6 he has completed five but less than twenty years of service,
7 and any Member who is separated after he has completed
8 five but less than twenty years of Member service, shall upon
9 application therefor be paid the lump-sum credit. Any
10 employee who is separated or transferred to a position not
11 within the purview of this Act before he has completed five
12 years' service, and any Member who is separated before
13 he has completed five years of Member service, shall be paid
14 the lump-sum credit. The receipt of payment of the lump-
15 sum credit by the individual shall void all annuity rights
16 under this Act, unless and until he shall be reemployed
17 in the service subject to this Act.

18 ~~“(b)~~ Each present or former employee or Member may,
19 under regulations prescribed by the Commission, designate a
20 beneficiary or beneficiaries for the purposes of this Act.

21 ~~“(c)~~ Lump-sum benefits authorized under subsections
22 ~~(d), (e), and (f)~~ of this section shall be paid in the follow-
23 ing order of precedence to such person or persons surviving
24 the employee or Member and alive at the date title to the

1 payment arises, and such payment shall be a bar to recovery
2 by any other person:

3 "First, to the beneficiary or beneficiaries designated by
4 the employee or Member in a writing received in the Com-
5 mission prior to his death;

6 "Second, if there be no such beneficiary, to the widow
7 or widower of the employee or Member;

8 "Third, if none of the above, to the child or children of
9 the employee or Member and descendants of deceased chil-
10 dren by representation;

11 "Fourth, if none of the above, to the parents of the
12 employee or Member or the survivor of them;

13 "Fifth, if none of the above, to the duly appointed
14 executor or administrator of the estate of the employee or
15 Member;

16 "Sixth, if none of the above, to other next of kin of the
17 employee or Member as may be determined by the Commis-
18 sion to be entitled under the laws of the domicile of the
19 individual at the time of his death.

20 "~~(d)~~ If an employee or Member dies ~~(1)~~ without a
21 survivor, or ~~(2)~~ with a survivor or survivors and the right
22 of all survivors shall terminate before claim for survivor
23 annuity is filed, or if a former employee or Member not re-
24 tired dies, the lump-sum credit shall be paid.

25 "~~(e)~~ If all annuity rights under this Act based on the

1 service of a deceased employee or Member shall terminate
 2 before the total annuity paid equals the lump-sum credit, the
 3 difference shall be paid.

4 “(f) If an annuitant dies, any annuity accrued and un-
 5 paid shall be paid.

6 “(g) Any annuity accrued and unpaid upon the termi-
 7 nation (other than by death) of the annuity of any annuitant
 8 or survivor annuitant shall be paid to such person. Any
 9 survivor annuity accrued and unpaid upon the death of any
 10 survivor annuitant shall be paid in the following order of
 11 precedence, and such payment shall be a bar to recovery by
 12 any other person:

13 “First, to the duly appointed executor or administrator
 14 of the estate of the survivor annuitant;

15 “Second, if there is no such executor or administrator,
 16 payment may be made, after the expiration of thirty days
 17 from the date of death of such survivor annuitant, to such
 18 next of kin of the survivor annuitant as may be determined
 19 by the Commission to be entitled under the laws of the
 20 survivor annuitant's domicile at the time of his death.

21 “ADDITIONAL ANNUITIES

22 “SEC 12. (a) Any employee or Member may, under
 23 regulations prescribed by the Commission, voluntarily con-
 24 tribute additional sums in multiples of \$25, but the total
 25 may not exceed 10 per centum of his basic salary for his

1 creditable service from and after August 1, 1920. The
2 voluntary contribution account in each case shall be the
3 sum of such unrefunded contributions, plus interest at 3
4 per centum per annum compounded annually to date of
5 separation or transfer to a position not within the purview
6 of this Act or, in case of an individual who is separated
7 with title to a deferred annuity and does not claim the
8 voluntary contribution account, to the commencing date fixed
9 for such deferred annuity or date of death, whichever is
10 earlier.

11 “(b) Such voluntary contribution account shall be used
12 to purchase at retirement an annuity in addition to the
13 annuity otherwise provided. For each \$100 in such volun-
14 tary contribution account, the additional annuity shall con-
15 sist of \$7, increased by 20 cents for each full year, if any,
16 such employee or Member is over the age of fifty-five years
17 at the date of retirement.

18 “(c) A retiring employee or Member may elect a
19 reduced additional annuity in lieu of the additional annuity
20 described in subsection (b) and designate in writing a
21 person to receive after his death an annuity of 50 per centum
22 of his reduced additional annuity. The additional annuity
23 of the employee or Member making such election shall be
24 reduced by 10 per centum, and by 5 per centum for each
25 full five years the person designated is younger than the

1 retiring employee or Member, but such total reduction shall
2 not exceed 40 per centum.

3 “(d) Any employee or Member who is separated from
4 the service before becoming eligible for immediate or de-
5 ferred annuity or who transfers to a position wherein he
6 does not continue subject to this Act shall be paid the
7 voluntary contribution account. Any employee or Member
8 who is separated from the service after becoming eligible
9 for a deferred annuity under section 8 may elect to receive,
10 in lieu of additional annuity, the voluntary contribution
11 account, provided his separation occurs and application for
12 payment is filed with the Commission at least thirty-one days
13 before the commencing date of annuity.

14 “(e) If any present or former employee or Member
15 not retired dies, the voluntary contribution account shall be
16 paid under the provisions of section 11 (e). If all addi-
17 tional annuities or any right thereto based on the voluntary
18 contribution account of a deceased employee or Member
19 terminate before the total additional annuity paid equals such
20 account, the difference shall be paid under the provisions
21 of section 11 (e).

22 “REEMPLOYMENT OF ANNUITANTS

23 “SEC. 13. (a) Notwithstanding any other provision of
24 law, an annuitant heretofore or hereafter retired under this
25 Act shall not, by reason of his retired status, be barred from

1 employment in any appointive position for which he is
2 qualified. An annuitant so reemployed shall serve at the
3 will of the appointing officer.

4 “(b) If an annuitant under this Act (other than (1) a
5 disability annuitant whose annuity is terminated by reason
6 of his recovery or restoration of earning capacity, or (2) a
7 Member retired under this Act) hereafter becomes employed
8 in an appointive or elective position subject to this Act, an-
9 nuity payments shall be discontinued during such employ-
10 ment and deductions for the retirement fund shall be with-
11 held from his salary. If such annuitant performs actual
12 full-time service for a period of at least one year, his right
13 to future annuity shall be determined upon the basis of the
14 law in effect at the time of termination of such period of
15 employment and service performed during such period shall
16 be credited for such purpose. If such annuitant does not
17 perform actual full-time service for a period of at least one
18 year, his annuity payments shall be resumed in the same
19 amount and amounts deducted from his salary during such
20 period of employment shall be returned upon the expiration
21 of such period. If an annuitant under this Act (other than
22 (1) a disability annuitant whose annuity is terminated by
23 reason of his recovery or restoration of earning capacity, or
24 (2) a Member retired under this Act) hereafter becomes

1 employed in an appointive or elective position not subject
 2 to this Act, annuity payments shall be discontinued during
 3 such reemployment and resumed in the same amount upon
 4 termination of such employment.

5 “(e) If a Member heretofore or hereafter retired under
 6 this Act hereafter becomes employed in an appointive or
 7 elective position, annuity payments shall be discontinued dur-
 8 ing such employment and resumed in the same amount upon
 9 termination of such employment: *Provided*, That if such re-
 10 tired Member takes office as Member and gives notice as pro-
 11 vided in section 2 (c), his service as Member during such
 12 period shall be credited in determining his right to and the
 13 amount of his subsequent annuity.

14 “PAYMENT OF BENEFITS

15 “SEC. 14. (a) Each annuity is stated as an annual
 16 amount, one-twelfth of which, fixed at the nearest dollar,
 17 accrues monthly and is payable on the first business day of
 18 the month after it accrues.

19 “(b) Except as otherwise provided, the annuity of an
 20 employee shall commence on the first of the month after
 21 separation from the service, or on the first of the month after
 22 salary ceases provided the employee meets the service and
 23 the age or disability requirements for title to annuity at that
 24 time. The annuity of a Member or of an elected officer of
 25 the Senate or House of Representatives shall commence on

1 the day following the day on which salary shall cease pro-
2 vided the person entitled to such annuity meets the service
3 and the age or disability requirements for title to annuity at
4 that time. The annuity of an employee or Member under
5 section 8 shall commence on the first of the month after
6 the occurrence of the event on which payment of the annuity
7 is based.

8 “(c) An annuity shall terminate on the last day of the
9 month preceding the month in which death or any other
10 terminating event provided in this Act occurs.

11 “(d) Any person entitled to annuity from the fund may
12 decline to accept all or any part of such annuity by a waiver
13 signed and filed with the Commission. Such waiver may be
14 revoked in writing at any time, but no payment of the
15 annuity waived shall be made covering the period during
16 which such waiver was in effect.

17 “(e) Where any payment is due a minor, or a person
18 mentally incompetent or under other legal disability, such
19 payment may be made to the person who is constituted
20 guardian or other fiduciary by the law of the State of resi-
21 dence of such claimant or is otherwise legally vested with the
22 care of the claimant or his estate: *Provided*, That where no
23 guardian or other fiduciary of the person under legal dis-
24 ability has been appointed under the laws of the State of
25 residence of the claimant, payment may be made to any

1 person who in the judgment of the Commission is responsible
2 for the care of the claimant, and such payment shall be a bar
3 to recovery by any other person.

4 "EXEMPTION FROM LEGAL PROCESSES

5 "SEC. (15). (a) None of the moneys mentioned in this
6 Act shall be assignable, either in law or equity, or be subject
7 to execution, levy, attachment, garnishment or other legal
8 process.

9 "(b) Notwithstanding any other provision of law, there
10 shall be no recovery of any payments under this Act from
11 any person when, in the judgment of the Commission, such
12 person is without fault and such recovery would be contrary
13 to equity and good conscience; nor shall there be any with-
14 holding of recovery of any moneys mentioned in this Act on
15 account of any certification or payment made by any former
16 employee of the United States in the discharge of his official
17 duties unless the head of the department or agency on behalf
18 of which the certification or payment was made certifies to
19 the Commission that such certification or payment involved
20 fraud on the part of such employee.

21 "ADMINISTRATION

22 "SEC. 16. (a) This Act shall be administered by the
23 Commission. Except as otherwise specifically provided here-
24 in, the Commission is hereby authorized and directed to
25 perform, or cause to be performed, any and all acts and to

1 make such rules and regulations as may be necessary and
2 proper for the purpose of carrying the provisions of this
3 Act into full force and effect.

4 “(b) Applications under this Act shall be in such form
5 as the Commission shall prescribe, and shall be supported by
6 such certificates from departments or agencies as the Com-
7 mission may deem necessary to the determination of the
8 rights of applicants. The Commission shall adjudicate all
9 claims under this Act.

10 “(c) Questions of dependency and disability arising
11 under this Act shall be determined by the Commission and
12 its decisions with respect to such matters shall be final and
13 conclusive and shall not be subject to review. The Com-
14 mission may order or direct at any time such medical or
15 other examinations as it shall deem necessary to determine
16 the facts relative to the disability or dependency of any
17 person receiving or applying for annuity under this Act,
18 and may suspend or deny any such annuity for failure to
19 submit to any such examination.

20 “(d) An appeal to the Commission shall lie from any
21 administrative action or order affecting the rights or interests
22 of any person or of the United States under this Act, the
23 procedure on appeal to be prescribed by the Commission.

24 “(e) Fees for examinations made under the provisions
25 of this Act, by physicians or surgeons who are not medical

1 officers of the United States, shall be fixed by the Commis-
2 sion, and such fees, together with reasonable traveling and
3 other expenses incurred in connection with such examina-
4 tions, shall be paid out of the appropriations for the cost of
5 administering this Act.

6 “(f) The Commission shall publish an annual report
7 upon the operations of this Act.

8 “(g) The Commission is hereby authorized and directed
9 to select three actuaries, to be known as the Board of Actu-
10 aries of the Civil Service Retirement System. It shall be the
11 duty of such Board to report annually upon the actuarial
12 status of the system and to furnish its advice and opinion
13 on matters referred to it by the Commission, and it shall have
14 the authority to recommend to the Commission and to the
15 Congress such changes as in the Board's judgment may be
16 deemed necessary to protect the public interest and maintain
17 the system upon a sound financial basis. The Commission
18 shall keep or cause to be kept such records as it deems neces-
19 sary for making periodic actuarial valuations of the Civil
20 Service Retirement System, and the Board shall make such
21 valuations at intervals of five years, or oftener if deemed
22 necessary by the Commission. The compensation of the
23 members of the Board of Actuaries, exclusive of such mem-
24 bers as are in the employ of the United States, shall be fixed
25 by the Commission.

1 CIVIL SERVICE RETIREMENT AND DISABILITY FUND

2 “SEC. 17. (a) The fund is hereby appropriated for
3 the payment of benefits as provided in this Act.

4 “(b) The Secretary of the Treasury is hereby authorized
5 to accept and credit to the fund moneys received in the
6 form of donations, gifts, legacies, or bequests, or otherwise
7 contributed for the benefit of civil-service employees gen-
8 erally.

9 “(c) The Secretary of the Treasury shall immediately
10 invest in interest-bearing securities of the United States, such
11 currently available portions of the fund as are not imme-
12 diately required for payments from the fund, and the income
13 derived from such investments shall constitute a part of the
14 fund.

15 “(d) The purposes for which obligations of the United
16 States may be issued under the Second Liberty Bond Act,
17 as amended, are hereby extended to authorize the issuance
18 at par of public-debt obligations for purchase by the fund.
19 Such obligations issued for purchase by the fund shall have
20 maturities fixed with due regard for the needs of the fund and
21 bear interest at a rate equal to the average rate of interest
22 computed as to the end of the calendar month next preceding
23 the date of such issue, borne by all marketable interest-
24 bearing obligations of the United States then forming a part
25 of the public debt that are not due or callable until after

1 the expiration of five years from the date of original issue;
 2 except that where such average rate is not a multiple of
 3 one-eighth of 1 per centum, the rate of interest of such
 4 obligations shall be the multiple of one-eighth of 1 per
 5 centum nearest such average rate. Such obligations shall
 6 be issued for purchase by the fund only if the Secretary
 7 of the Treasury determines that the purchase in the market
 8 of other interest-bearing obligations of the United States, or
 9 of obligations guaranteed as to both principal and interest
 10 by the United States on original issue or at the market price,
 11 is not in the public interest.

12 "SHORT TITLE

13 "SEC. 18. This Act may be cited as the 'Civil Service
 14 Retirement Act'."

15 MEMBERS OF FACULTY OF NAVAL ACADEMY

16 SEC. 2. (a) On and after the effective date of this Act
 17 persons employed as members of the civilian faculties of the
 18 United States Naval Academy and the United States Naval
 19 Postgraduate School shall be included within the terms of
 20 the Civil Service Retirement Act, and on and after that
 21 date the Act of January 16, 1936 (49 Stat. 1092), as
 22 amended, shall not apply to such persons.

23 (b) In lieu of the deposit prescribed by section 4 (e)
 24 of the Civil Service Retirement Act, an employee who by
 25 virtue of subsection (a) is included within the term of

1 such Act shall deposit, for service rendered prior to the
2 effective date of this Act as a member of the civilian faculty
3 of the United States Naval Academy or of the United States
4 Naval Postgraduate School, a sum equal to so much of the
5 repurchase price of his annuity policy carried as required
6 by the Act of January 16, 1936, as amended, as is based
7 on the monthly allotments which were registered with the
8 Navy Allotment Office toward the purchase of that annuity,
9 the deposit to be made within six months after the effective
10 date of this Act. Should the deposit not be made within
11 that period no credit shall be allowed under the Civil Service
12 Retirement Act for service rendered as a member of the
13 civilian faculty of the United States Naval Academy or of
14 the United States Naval Postgraduate School subsequent to
15 July 31, 1920, and prior to the effective date of this Act.
16 If the deposit is made, such service shall be held and con-
17 sidered to be service during which the employee was subject
18 to this Act.

19 RETROACTIVE APPLICATION OF CERTAIN BENEFITS

20 SEC. 3. The amendment approved September 30, 1949
21 (Public Law 310, Eighty-first Congress), to section 4 (b)
22 of the Civil Service Retirement Act of May 29, 1930, as
23 amended, insofar as it relates to the amount of the reduction
24 in the annuities of officers and employees who elect to re-
25 ceive reduced annuities under such section, shall take effect

1 as of April 1, 1948, but no increase in annuity shall be
2 payable by reason of such amendment, to those who retired
3 on or after April 1, 1948, and prior to October 1, 1949, for
4 any period prior to the first day of the first month which
5 begins after the effective date of this Act.

6 CONTINUATION OF PRIOR RIGHTS

7 SEC. 4. Except as otherwise provided, the amendments
8 made by this Act shall not apply in the case of employees or
9 Members retired or otherwise separated prior to its effective
10 date, and the rights of such persons and their survivors shall
11 continue in the same manner and to the same extent as if
12 this Act had not been enacted.

13 VICE PRESIDENT

14 SEC. 5. The notice required by section 2 (c) of the
15 Civil Service Retirement Act may be given, by any person
16 holding the office of Vice President on the effective date of
17 this Act, at any time within fifteen days after such effective
18 date, and in the case of any such person service performed
19 in such office shall be considered service during which he
20 was subject to such Act for the purpose of section 3 (g)
21 thereof.

22 FUTURE SALARY INCREASES TO INCLUDE INCREASES TO
23 ANNUITANTS

24 SEC. 6. It is the policy of the Congress that whenever
25 in the future any general adjustment is made in the salaries

1 of Government employees, corresponding adjustments should
2 be made in the annuities of retired employees.

3 FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUT-
4 SIDE UNITED STATES TO AVOID PROSECUTION

5 SEC. 7. The Act entitled "An Act to prohibit payment
6 of annuities to officers and employees of the United States
7 convicted of certain offenses, and for other purposes", ap-
8 proved September 1, 1954 (68 Stat. 1142), is amended
9 by adding at the end of section 2 thereof a new subsection as
10 follows:

11 "(e) In any case in which, after the date of enactment
12 of this subsection, any person under indictment for any
13 offense within the purview of the first section of this Act
14 wilfully remains outside the United States, its Territories,
15 and possessions, for a period in excess of one year with
16 knowledge of such indictment, no annuity or retired pay
17 shall be paid, for any period subsequent to the end of such
18 one-year period to such person or to the survivor or bene-
19 ficiary of such person, on the basis of the service of such
20 person, as an officer or employee of the Government unless
21 and until a nolle prosequi to the entire indictment is entered
22 upon the record or such person returns and thereafter the
23 indictment is dismissed or after trial by court the accused is
24 found not guilty of the offense or offenses charged in the
25 indictment."

1 EFFECTIVE DATE

2 SEC. 8. This Act shall take effect on January 1, 1957.

3 SHORT TITLE

4 SEC. 9. This Act may be cited as the "Civil Service
5 Retirement Act Amendments of 1956."

6 That the Civil Service Retirement Act of May 29, 1930, as
7 amended, is amended to read as follows:

8 "DEFINITIONS

9 "SEC. 1. Wherever used in this Act—

10 "(a) The term 'employee' shall mean a civilian officer
11 or employee in or under the Government and, except for
12 purposes of section 2, shall mean a person to whom this Act
13 applies.

14 "(b) The term 'Member' shall mean the Vice Presi-
15 dent, a United States Senator, Representative in Congress,
16 Delegate from a Territory, or the Resident Commissioner
17 from Puerto Rico, and, except for purposes of section 2,
18 shall mean a Member to whom this Act applies.

19 "(c) The term 'congressional employee' means an em-
20 ployee of the Senate or House of Representatives or of a
21 committee of either House, an employee of a joint committee
22 of the two Houses, an elected officer of the Senate or House
23 of Representatives who is not a Member of either House, the
24 Legislative Counsel of the Senate and the Legislative Coun-
25 sel of the House of Representatives and the employees in

1 *their respective offices, an Official Reporter of Debates of the*
2 *Senate and a person employed by the Official Reporters of*
3 *Debates of the Senate in connection with the performance of*
4 *their official duties, a member of the Capitol Police force, an*
5 *employee of the Vice President if such employee's compensa-*
6 *tion is disbursed by the Secretary of the Senate, and an em-*
7 *ployee of a Member if such employee's compensation is dis-*
8 *bursed by the Secretary of the Senate or the Clerk of the*
9 *House of Representatives.*

10 “(d) *The term ‘basic salary’ shall not include bonuses,*
11 *allowances, overtime pay, military pay, or salary, pay, or*
12 *compensation given in addition to the base pay of the position*
13 *as fixed by law or regulation: Provided, That for employees*
14 *paid on a fee basis, the maximum amount of basic salary*
15 *which may be used shall be \$10,000 per annum. For a*
16 *Member, the term ‘basic salary’ shall include, from April*
17 *1, 1954, to February 28, 1955, the amount received as*
18 *expense allowance under section 601 (b) of the Legislative*
19 *Reorganization Act of 1946, as amended, and such amount*
20 *from January 3, 1953, to March 31, 1954, provided deposit*
21 *is made thereon as provided in section 4.*

22 “(e) *The term ‘average salary’ shall mean the largest*
23 *annual rate resulting from averaging, over any period of*
24 *five consecutive years of creditable service, or at a Member's*
25 *option over all periods of Member service subsequent to the*

1 date of enactment of the Legislative Reorganization Act of
2 1946 used in the computation of an annuity under this Act,
3 a Member's or an employee's rates of basic salary in effect
4 during such period, with each rate weighted by the time it
5 was in effect.

6 “(f) The term ‘fund’ shall mean the civil service retire-
7 ment and disability fund created by the Act of May 22,
8 1920.

9 “(g) The terms ‘disabled’ and ‘disability’ shall mean
10 totally disabled for useful and efficient service in the grade or
11 class of position last occupied by the employee or Member
12 by reason of disease or injury not due to vicious habits, in-
13 temperance or willful misconduct on his part within the
14 five years next prior to becoming so disabled.

15 “(h) The term ‘widow’, for purposes of section 10,
16 shall mean the surviving wife of an employee or Member
17 who was married to such individual for at least two years
18 immediately preceding his death or is the mother of issue
19 by such marriage.

20 “(i) The term ‘widower’, for purposes of section 10,
21 shall mean the surviving husband of an employee or Member
22 who was married to such employee or Member for at least
23 two years immediately preceding her death or is the father
24 of issue by such marriage.

25 “(j) The term ‘child’, for purposes of section 10, shall

1 mean an unmarried child, including (1) an adopted child,
2 and (2) a stepchild or recognized natural child who received
3 more than one-half his support from and lived with the Mem-
4 ber or employee in a regular parent-child relationship, under
5 the age of eighteen years, or such unmarried child regardless
6 of age who because of physical or mental disability incurred
7 before age eighteen is incapable of self-support.

8 “(k) The term ‘Government’ shall mean the executive,
9 judicial, and legislative branches of the United States Gov-
10 ernment, including Government-owned or controlled corpo-
11 rations and Gallaudet College, and the municipal government
12 of the District of Columbia.

13 “(l) The term ‘lump-sum credit’ shall mean the unre-
14 funded amount consisting of (1) the retirement deductions
15 made from the basic salary of an employee or Member, (2)
16 any sums deposited by an employee or Member covering
17 prior service, and (3) interest on such deductions and de-
18 posits at 4 per centum per annum to December 31, 1947,
19 and 3 per centum per annum thereafter to December 31,
20 1956, compounded annually. The lump-sum credit shall not
21 include interest if the service covered thereby aggregates one
22 year or less, nor shall it include interest for the fractional
23 part of a month in the total service.

24 “(m) The term ‘Commission’ shall mean the United
25 States Civil Service Commission.

1 “(n) The term ‘annuitant’ shall mean any former em-
2 ployee or Member who, on the basis of his service, has met
3 all requirements of the Act for title to annuity and has filed
4 claim therefor.

5 “(o) The term ‘survivor’ shall mean a person who is
6 entitled to annuity under this Act based on the service of a
7 deceased employee or Member or of a deceased annuitant.

8 “(p) The term ‘survivor annuitant’ shall mean a sur-
9 vivor who has filed claim for annuity.

10 “(q) The term ‘service’ shall mean employment which
11 is creditable under section 3.

12 “(r) The term ‘military service’ shall mean honorable
13 active service in the Army, Navy, Air Force, Marine Corps,
14 or Coast Guard of the United States, but shall not include
15 service in the National Guard except when ordered to active
16 duty in the service of the United States.

17 “(s) The term ‘Member service’ shall mean service as
18 a Member and shall include the period from the date of the
19 beginning of the term for which the Member is elected or
20 appointed to the date on which he takes office as a Member.

21 “COVERAGE

22 “SEC. 2. (a) (1) This Act shall apply to each employee
23 and Member, except as hereinafter provided.

24 “(2) Notwithstanding any provision of this Act or of

1 *any other law or any Executive order, this Act shall apply to*
2 *each United States Commissioner—*

3 “(A) *who is serving in the position of United States*
4 *Commissioner on the effective date of this paragraph and*
5 *whose total compensation for services rendered as United*
6 *States Commissioner is not less than \$3,000 in each of*
7 *the last three consecutive calendar years ending prior to*
8 *such effective date, or*

9 “(B) *who is serving in the position of United States*
10 *Commissioner after such effective date and whose total*
11 *compensation is not less than \$3,000 in each of the last*
12 *three consecutive calendar years ending prior to the first*
13 *day of any calendar year which begins after such effec-*
14 *tive date.*

15 “(b) *This Act shall not apply to the President, to any*
16 *judge of the United States as defined under section 451 of*
17 *title 28 of the United States Code, or to any employee of the*
18 *Government subject to another retirement system for Gov-*
19 *ernment employees.*

20 “(c) *This Act shall not apply to any Member until he*
21 *gives notice in writing, within six months after any date on*
22 *which he takes an oath of office as a Member, to the officer by*
23 *whom his salary is paid, of his desire to come within the pur-*
24 *view of this Act.*

1 “(d) This Act shall not apply to any congressional
2 employee, nor to any temporary congressional employee
3 unless such temporary employee is appointed at an annual
4 rate of salary, until he gives notice in writing, within six
5 months after the date of any appointment as a congressional
6 employee, to the officer by whom his salary is paid, of his
7 desire to come within the purview of this Act.

8 “(e) The Commission may exclude from the operation
9 of this Act any employee or group of employees in the ex-
10 ecutive branch of the United States Government, or of the
11 District of Columbia government upon recommendation by
12 its Commissioners, whose tenure of office or employment is
13 temporary or intermittent.

14 “(f) This Act shall not apply to any temporary em-
15 ployee of the Administrative Office of the United States
16 Courts or of the courts specified in section 610 of title 28
17 of the United States Code, or to construction employees or
18 any other temporary, part-time, or intermittent employees
19 of the Tennessee Valley Authority; and the Architect of the
20 Capitol and the Librarian of Congress are authorized to
21 exclude from the operation of this Act any employees under
22 the Office of the Architect of the Capitol and the Library of
23 Congress, respectively, whose tenure of employment is tempo-
24 rary or of uncertain duration.

1 “CREDITABLE SERVICE

2 “SEC. 3. (a) *An employee's service for the purposes of*
3 *this Act including service as a substitute in the postal service*
4 *shall be credited from the date of original employment to the*
5 *date of the separation upon which title to annuity is based*
6 *in the civilian service of the Government. Credit shall*
7 *similarly be allowed for service in the Pan American Sani-*
8 *tary Bureau. No credit shall be allowed for any period*
9 *of separation from the service in excess of three calendar*
10 *days.*

11 “(b) *An employee or Member shall be allowed credit*
12 *for periods of military service prior to the date of the separa-*
13 *tion upon which title to annuity is based; however, if an*
14 *employee or Member is awarded retired pay on account of*
15 *military service, his military service shall not be included,*
16 *unless such retired pay is awarded on account of a service-*
17 *connected disability (1) incurred in combat with an enemy*
18 *of the United States or (2) caused by an instrumentality of*
19 *war and incurred in line of duty during an enlistment or*
20 *employment as provided in Veterans Regulation Numbered*
21 *1 (a), part I, paragraph I, or is awarded under title III of*
22 *Public Law 810, Eightieth Congress, except that for pur-*
23 *poses of section 9 (c) (1), a Member (A) shall be allowed*
24 *credit only for periods of military service, not exceeding*
25 *five years, plus any military service performed by the*

1 Member upon leaving his office, for the purpose of per-
2 forming such service, during any war or national emergency
3 proclaimed by the President or declared by the Congress and
4 prior to his final separation from service as a Member and
5 (B) may not receive credit for military service for which
6 credit is allowed for the purposes of retired pay under any
7 other provision of law. Nothing in this Act shall affect the
8 right of an employee or a Member to retired pay, pension,
9 or compensation in addition to the annuity herein provided.

10 “(c) Credit shall be allowed for leaves of absence
11 granted an employee while performing military service or
12 while receiving benefits under the Federal Employees’ Com-
13 pensation Act of September 7, 1916, as amended. Except
14 for a substitute in the postal service, there shall be excluded
15 from credit so much of any other leaves of absence without
16 pay as may exceed six months in the aggregate in any
17 calendar year.

18 “(d) An employee who during the period of any war,
19 or of any national emergency as proclaimed by the Presi-
20 dent or declared by the Congress, has left or leaves his posi-
21 tion to enter the military service shall not be considered, for
22 the purposes of this Act, as separated from his civilian posi-
23 tion by reason of such military service, unless he shall apply
24 for and receive a lump-sum benefit under this Act: Provided,
25 That such employee shall not be considered as retaining his

1 civilian position beyond December 31, 1956, or the expiration
2 of five years of such military service, whichever is later.

3 “(e) The total service of an employee or Member shall
4 be the full years and twelfth parts thereof, excluding from
5 the aggregate the fractional part of a month, if any.

6 “(f) An employee must have completed at least five
7 years of civilian service before he shall be eligible for annuity
8 under this Act.

9 “(g) An employee or Member must have, within the
10 two-year period preceding any separation from service, other
11 than a separation by reason of death, completed at least
12 one year of creditable civilian service during which he was
13 subject to this Act before he or his survivors shall be eligible
14 for annuity under this Act based on such separation. If
15 any employee or Member, other than an employee or Member
16 separated from the service by reason of death, fails to meet
17 the service requirement of the preceding sentence, the amounts
18 deducted from his salary during his period of service for
19 which no eligibility for annuity is established based on such
20 separation shall be returned to him upon such separation.
21 Failure to meet this service requirement shall not deprive the
22 individual or his survivors of any annuity rights which
23 attached upon a previous separation.

24 “(h) An employee who (1) has at least five years’
25 Member service and (2) has served as a Member at any time

1 after August 2, 1946, shall not be allowed credit for any
2 service which is used in the computation of an annuity
3 under section 9 (c).

4 “(i) Each United States Commissioner who is made
5 subject to this Act by section 2 (a) (2) shall be allowed
6 credit for purposes of this Act for service as United States
7 Commissioner rendered prior to, on, or after the effective
8 date of this subsection. Such credit shall be on the basis
9 of one three-hundred-and-thirteenth of a year for each day
10 on which such United States Commissioner renders service
11 in such capacity and which is not credited for purposes of
12 this Act for service performed by him in any capacity other
13 than United States Commissioner. Such credit shall not be
14 allowed for service rendered as United States Commissioner
15 for more than three hundred and thirteen days in any one
16 year.

17 “(j) Notwithstanding any other provision of this section,
18 any military service (other than military service covered
19 by military leave with pay from a civilian position) per-
20 formed by an individual after December 1956 shall be
21 excluded in determining the aggregate period of service upon
22 which an annuity payable under this Act to such individual
23 or to his widow or child is to be based, if such individual
24 or widow or child is entitled (or would upon proper applica-
25 tion be entitled), at the time of such determination, to monthly

1 old-age or survivors benefits under section 202 of the Social
2 Security Act based on such individual's wages and self-
3 employment income. If in the case of the individual or
4 widow such military service is not excluded under the pre-
5 ceding sentence, but upon attaining retirement age (as de-
6 fined in section 216 (a) of the Social Security Act) he or
7 she becomes entitled (or would upon proper application be
8 entitled) to such benefits, the Commission shall redetermine
9 the aggregate period of service upon which such annuity is
10 based, effective as of the first day of the month in which he or
11 she attains such age, so as to exclude such service. The
12 Secretary of Health, Education, and Welfare shall, upon
13 the request of the Commission, inform the Commission
14 whether or not any such individual or widow or child is
15 entitled at any specified time to such benefits.

16 "DEDUCTIONS AND DEPOSITS

17 "SEC. 4. (a) From and after the first day of the first
18 pay period which begins on or after the effective date of
19 this Act there shall be deducted and withheld from each
20 employee's basic salary an amount equal to 6 per centum of
21 such basic salary and from each Member's basic salary an
22 amount equal to 7 per centum of such basic salary. From
23 and after the first day of the first pay period which
24 begins after June 30, 1957, an equal sum shall also

1 be contributed from the respective appropriation or fund
2 which is used for payment of his salary, pay, or com-
3 pensation, or in the case of an elected official, from such
4 appropriation or fund as may be available for payment of
5 other salaries of the same official or establishment. The
6 amounts so deducted and withheld by each department or
7 agency, together with the amounts so contributed, shall, in
8 accordance with such procedures as may be prescribed by the
9 Comptroller General of the United States, be deposited by the
10 department or agency in the Treasury of the United States
11 to the credit of the fund. There shall also be so credited all
12 deposits made by employees or Members under this section.

13 “(b) Each employee or Member shall be deemed to
14 consent and agree to such deductions from basic salary, and
15 payment less such deductions shall be a full and complete
16 discharge and acquittance of all claims and demands whatso-
17 ever for all regular services during the period covered by
18 such payment, except the right to the benefits to which he
19 shall be entitled under this Act, notwithstanding any law,
20 rule, or regulation affecting the individual's salary.

21 “(c) Each employee or Member credited with civilian
22 service after July 31, 1920, for which, for any reason what-
23 soever, no retirement deductions or deposits have been made,

- 1 may deposit with interest an amount equal to the following
 2 percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee -----	2½ -----	August 1, 1920, to June 30, 1926
	3½ -----	July 1, 1926, to June 30, 1942
	5 -----	July 1, 1942, to June 30, 1948
	6 -----	After July 1, 1948
Member for Mem- ber service.	2½ -----	August 1, 1920, to June 30, 1926
	3½ -----	July 1, 1926, to June 30, 1942
	5 -----	July 1, 1942, to August 1, 1946
	6 -----	August 2, 1946, to the day immedi- ately preceding the effective date of this Act
	7 -----	On and after the effective date of this Act

3 “(d) Each employee or Member who has received a
 4 refund of retirement deductions under this or any other
 5 retirement system established for employees of the Govern-
 6 ment covering service for which he may be allowed credit
 7 under this Act may deposit the amount received, with
 8 interest. No credit shall be allowed for the service covered
 9 by the refund until the deposit is made.

10 “(e) Interest under subsection (c) or (d) shall be
 11 computed from the midpoint of each service period included
 12 in the computation, or from the date refund was paid, to the
 13 date of deposit or commencing date of annuity, whichever is
 14 earlier. The interest shall be computed at the rate of 4 per
 15 centum per annum to December 31, 1947, and 3 per centum

1 *per annum thereafter compounded annually. Such deposit*
2 *may be made in one or more installments.*

3 “(f) *Under such regulations as may be prescribed by*
4 *the Commission, amounts deducted under subsection (a) and*
5 *deposited under subsections (c) and (d) shall be entered*
6 *on individual retirement records.*

7 “(g) *No deposit shall be required for any service prior*
8 *to August 1, 1920, for periods of military service or any*
9 *service for the Panama Railroad Company prior to January*
10 *1, 1924.*

11 “MANDATORY SEPARATION

12 “SEC. 5. (a) *Except as hereinafter provided, an em-*
13 *ployee who shall have attained the age of seventy years and*
14 *completed fifteen years of service shall be automatically*
15 *separated from the service. Such separation shall be effec-*
16 *tive on the last day of the month in which such employee*
17 *attains the age of seventy years or completes fifteen years of*
18 *service if then beyond such age, and all salary shall cease*
19 *from that day.*

20 “(b) *Each employing office shall notify each employee*
21 *under its direction of the date of such separation from the*
22 *service at least sixty days in advance thereof: Provided,*
23 *That subsection (a) shall not take effect without the con-*
24 *sent of the employee until sixty days after he has been so*
25 *notified.*

1 “(c) The President may, by Executive order, exempt
2 from automatic separation under this section any employee
3 when, in his judgment, the public interest so requires.

4 “(d) The automatic separation provisions of this section
5 shall not apply to any person named in any Act of Congress
6 providing for the continuance of such person in the service, to
7 any Member, to any congressional employee, or to the Archi-
8 tect of the Capitol or any employee under the office of the
9 Architect of the Capitol.

10 “(e) In the case of an officer or employee of The Alaska
11 Railroad, Territory of Alaska, or an officer or employee who
12 is a citizen of the United States employed on the Isthmus of
13 Panama by the Panama Canal Company or the Canal Zone
14 Government, the provisions of this section shall apply upon
15 his attaining the age of sixty-two years and completing fifteen
16 years of service on the Isthmus of Panama or in the Terri-
17 tory of Alaska.

18 “IMMEDIATE RETIREMENT

19 “SEC. 6. (a) Any employee who attains the age of sixty
20 years and completes thirty years of service shall, upon sepa-
21 ration from the service, be paid an annuity computed as pro-
22 vided in section 9.

23 “(b) Any employee who attains the age of fifty-five years
24 and completes thirty years of service shall, upon separation

1 *from the service prior to attainment of the age of sixty years,*
2 *be paid a reduced annuity computed as provided in section 9.*

3 “(c) *Any employee the duties of whose position are*
4 *primarily the investigation, apprehension, or detention of*
5 *persons suspected or convicted of offenses against the criminal*
6 *laws of the United States, including any employee engaged*
7 *in such activity who has been transferred to a supervisory or*
8 *administrative position, who attains the age of fifty years and*
9 *completes twenty years of service in the performance of such*
10 *duties, may, if the head of his department or agency recom-*
11 *mends his retirement and the Commission approves, volun-*
12 *tarily retire from the service, and be paid an annuity com-*
13 *puted as provided in section 9. The head of the depart-*
14 *ment or agency and the Commission shall give full considera-*
15 *tion to the degree of hazard to which such employee is*
16 *subjected in the performance of his duties, rather than the*
17 *general duties of the class of the position held by such*
18 *employee. The word ‘detention’, as used in this subsection,*
19 *shall be construed to include the duties of—*

20 “(1) *all employees of the Bureau of Prisons and*
21 *Federal Prison Industries, Incorporated,*

22 “(2) *all employees of the Public Health Service*
23 *assigned to the field service of the Bureau of Prisons or*
24 *to the field service of Federal Prison Industries, Incor-*
25 *porated,*

1 “(3) all civilian employees employed in the field
2 services at Army or Navy disciplinary barracks or at
3 confinement and rehabilitation facilities operated by any
4 of the United States armed services, and

5 “(4) all employees of the Department of Corrections
6 of the District of Columbia, its industries and utilities,

7 whose duties in connection with persons in detention suspected
8 or convicted of offenses against the criminal laws of the
9 United States or of the District of Columbia or offenses
10 against the punitive articles of the Uniform Code of Military
11 Justice require frequent (as determined by the appropriate
12 administrative authority with the concurrence of the Com-
13 mission) direct contact with such persons in the detention,
14 direction, supervision, inspection, training, employment, care,
15 transportation, or rehabilitation of such persons.

16 “(d) Any employee who completes twenty-five years
17 of service or who attains the age of fifty years and completes
18 twenty years of service shall, upon involuntary separation
19 from the service not by removal for cause on charges of mis-
20 conduct or delinquency, be paid a reduced annuity computed
21 as provided in section 9.

22 “(e) Any employee who attains the age of sixty-two
23 years and completes five years of service shall, upon separa-
24 tion from the service, be paid an annuity computed as pro-
25 vided in section 9.

1 “(f) Any Member who attains the age of sixty-two
2 years and completes five years of Member service, or who
3 attains the age of sixty years and completes ten years of
4 Member service, shall, upon separation from the service, be
5 paid an annuity computed as provided in section 9. No
6 Member or survivor of a Member shall be entitled to receive
7 an annuity under this Act unless there shall have been de-
8 ducted or deposited the amounts specified in section 4 with
9 respect to his last five years of Member service.

10 “DISABILITY RETIREMENT

11 “SEC. 7. (a) Any employee who completes five years
12 of civilian service and who is found by the Commission to
13 have become disabled shall, upon his own application or
14 upon application by his department or agency, be retired
15 on an annuity computed as provided in section 9. Any Mem-
16 ber who completes five years of Member service and who is
17 found by the Commission to have become disabled shall,
18 upon his own application, be retired on an annuity computed
19 as provided in section 9.

20 “(b) No claim shall be allowed under this section unless
21 the application is filed with the Commission prior to sepa-
22 ration of the employee or Member from the service or within
23 one year thereafter. This time limitation may be waived by
24 the Commission for an individual who at the date of sepa-

1 ration from service or within one year thereafter is mentally
2 incompetent, if the application is filed with the Commission
3 within one year from the date of restoration of such individ-
4 ual to competency or the appointment of a fiduciary, which-
5 ever is the earlier.

6 “(c) Each annuitant retired under this section or under
7 section 6 of the Act of May 29, 1930, as amended, unless
8 his disability is permanent in character, shall at the expira-
9 tion of one year from the date of such retirement and annu-
10 ally thereafter, until reaching age sixty, be examined under
11 the direction of the Commission. If the annuitant fails to
12 submit to examination as required under this section, pay-
13 ment of the annuity shall be suspended until continuance of
14 the disability is satisfactorily established.

15 “(d) If such annuitant, before reaching age sixty, re-
16 covers from his disability or is restored to an earning capac-
17 ity fairly comparable to the current rate of compensation of
18 the position occupied at the time of retirement, payment of
19 the annuity shall cease (1) upon reemployment by the Gov-
20 ernment, (2) one year from the date of the medical examina-
21 tion showing such recovery, or (3) one year from the date of
22 determination that he is so restored, whichever is earliest.
23 Earning capacity shall be deemed restored if in each of two
24 succeeding calendar years the income of the annuitant from

1 wages or self-employment or both shall equal at least 80 per
2 centum of the current rate of compensation of the position
3 occupied immediately prior to retirement.

4 “(e) If such annuitant whose annuity is discontinued
5 under subsection (d) is not reemployed in any position in-
6 cluded in the provisions of this Act, he shall be considered,
7 except for service credit, as having been involuntarily sepa-
8 rated from the service for the purposes of this Act as of the
9 date of discontinuance of the disability annuity and shall,
10 after such discontinuance, be entitled to annuity in accord-
11 ance with the applicable provision of this Act.

12 “(f) No person shall be entitled to receive an annuity
13 under this Act and compensation for injury or disability to
14 himself under the Federal Employees’ Compensation Act of
15 September 7, 1916, as amended, covering the same period
16 of time. This provision shall not bar the right of any claim-
17 ant to the greater benefit conferred by either Act for any
18 part of the same period of time. Neither this provision nor
19 any provision in such Act of September 7, 1916, as amended,
20 shall deny to any person an annuity accruing to such person
21 under this Act on account of service rendered by him, or
22 deny any concurrent benefit to such person under such Act of
23 September 7, 1916, as amended, on account of the death of
24 any other person.

25 “(g) Notwithstanding any provision of law to the con-

1 trary, the right of any person entitled to an annuity under
2 this Act shall not be affected because such person has received
3 an award of compensation in a lump sum under section 14
4 of the Act of September 7, 1916, as amended, except that
5 where such annuity is payable on account of the same dis-
6 ability for which compensation under such section has been
7 paid, so much of such compensation as has been paid for
8 any period extended beyond the date such annuity becomes
9 effective, as determined by the Department of Labor, shall
10 be refunded to the Department of Labor, to be covered into
11 the Federal Employees' Compensation Fund. Before such
12 person shall receive such annuity he shall (1) refund to such
13 Department the amount representing such commuted pay-
14 ments for such extended period, or (2) authorize the deduc-
15 tion of such amount from the annuity payable to him under
16 this Act, which amount shall be transmitted to such Depart-
17 ment for reimbursement to such fund. Deductions from such
18 annuity may be made from accrued and accruing payments,
19 or may be prorated against and paid from accruing payments
20 in such manner as the Department of Labor shall determine,
21 whenever it finds that the financial circumstances of the
22 annuitant are such as to warrant such deferred refunding.

23 "DEFERRED RETIREMENT

24 "SEC. 8. (a) Any employee who is separated from the
25 service or transferred to a position not within the purview

1 of this Act after completing five years of civilian service
2 may be paid an annuity beginning at the age of sixty-two
3 years computed as provided in section 9.

4 “(b) Any Member who on or after January 1, 1956,
5 has been or is separated from the service as a Member after
6 completing five years of Member service may hereafter be paid
7 an annuity beginning at the age of sixty-two years, computed
8 as provided in section 9. Any Member who is separated from
9 the service after completing ten or more years of Member
10 service may be paid an annuity beginning at the age of sixty
11 years, computed as provided in section 9.

12 “COMPUTATION OF ANNUITY

13 “SEC. 9. (a) Except as otherwise provided in this sec-
14 tion, the annuity of an employee retiring under this Act
15 shall be the larger of (A) $1\frac{3}{4}$ per centum of the average
16 salary multiplied by the total service, or (B) 1 per centum
17 of the average salary, plus \$30, multiplied by the total
18 service: Provided, That the annuity shall not exceed 80 per
19 centum of the average salary: Provided further, That the
20 annuity of an employee retiring under section 7 shall be at
21 least (1) 40 per centum of the average salary or (2) the sum
22 obtained under this subsection after increasing his total serv-
23 ice by the period elapsing between the date of separation

1 and the date he attains the age of sixty years, whichever is
2 the lesser, but this proviso shall not increase the annuity of
3 any survivor.

4 “(b) The annuity of a congressional employee retiring
5 under this Act shall, if he so elects at the time his annuity
6 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
7 multiplied by his military service and service as a congressional
8 employee, not exceeding a total of fifteen years, plus
9 (2) $1\frac{3}{4}$ per centum of the average salary multiplied by the
10 remainder of his total service: Provided, That the annuity
11 shall not exceed 80 per centum of the average salary. This
12 subsection shall not apply unless the congressional employee
13 (1) has had at least five years’ service as a congressional
14 employee, (2) has had deductions withheld from his salary or
15 made deposit covering his last five years of civilian service,
16 and (3) has served as a congressional employee during the
17 last eleven months of his civilian service: Provided further,
18 That the annuity of a congressional employee retiring under
19 section 7 shall be at least (1) 40 per centum of the average
20 salary or (2) the sum obtained under this subsection after
21 increasing his service as a congressional employee by the
22 period elapsing between the date of separation and the date
23 he attains the age of sixty years, whichever is the lesser, but

1 *this provision shall not increase the annuity of any survivor.*

2 “(c) *The annuity of a Member retiring under this Act*
3 *shall be an amount equal to—*

4 “(1) *2½ per centum of the average salary multi-*
5 *plied by the total of his Member and creditable military*
6 *service;*

7 “(2) *2½ per centum of the average salary multi-*
8 *plied by his total years of service, not exceeding fifteen,*
9 *performed as a congressional employee prior to his sepa-*
10 *ration from service as a Member, other than any such*
11 *service which he may elect to exclude; and*

12 “(3) *1¾ per centum of such average salary multi-*
13 *plied by his total service, other than service used in*
14 *computing annuity under clauses (1) and (2), per-*
15 *formed prior to his separation from service as a Member,*
16 *and other than any such service which he may elect to*
17 *exclude.*

18 *In no case shall an annuity computed under this subsection*
19 *exceed 80 per centum of the basic salary that he is receiving*
20 *at the time of such separation from the service, and in no*
21 *case shall the annuity of a Member retiring under section 7*
22 *be less than (A) 40 per centum of the average salary or*
23 *(B) the sum obtained under this subsection after increasing*
24 *his Member service by the period elapsing between the date*

1 of separation and the date he attains the age of sixty years,
2 whichever is the lesser, but this provision shall not increase
3 the annuity of any survivor.

4 “(d) The annuity as hereinbefore provided, for an em-
5 ployee retiring under section 6 (b) or 6 (d), shall be re-
6 duced by one-eighth of 1 per centum for each full month
7 such employee is under the age of sixty years at date of
8 separation.

9 “(e) The annuity of an employee retiring under section
10 6 (c) shall be 2 per centum of the average salary multiplied
11 by the total service: Provided, That the annuity shall not
12 exceed 80 per centum of the average salary.

13 “(f) The annuity as hereinbefore provided shall be re-
14 duced by 10 per centum of any deposit described in section
15 4 (c) remaining unpaid, unless the employee or Member
16 shall elect to eliminate the service involved for purposes of
17 annuity computation.

18 “(g) Any employee or Member retiring under section
19 6, 7, or 8 may at the time of retirement elect a reduced
20 annuity, in lieu of the annuity as hereinbefore provided, and
21 designate in writing his wife or her husband to receive an
22 annuity after the retired individual's death computed as
23 provided in section 10 (a). The annuity of the employee
24 or Member making such election, excluding any increase be-

1 cause of retirement under section 7, shall be reduced by 3
2 per centum of so much thereof as does not exceed \$2,400
3 and by 10 per centum of the balance of such annuity.

4 “(h) Any unmarried employee or Member retiring
5 under section 6 or 8, and found by the Commission to be in
6 good health, may at the time of retirement elect a reduced
7 annuity, in lieu of the annuity as hereinbefore provided, and
8 designated in writing a person having an insurable interest
9 in the employee or Member to receive an annuity after the
10 retired individual's death. The annuity payable to the
11 employee or Member making such election shall be reduced
12 by 10 per centum of an annuity computed as provided in
13 section 9 and by 5 per centum of an annuity so computed
14 for each full five years the person designated is younger
15 than the retiring employee or Member, but such total reduc-
16 tion shall not exceed 40 per centum.

17 “(i) The annuity as hereinbefore provided, for an
18 employee who is a citizen of the United States, shall be
19 increased by \$36 multiplied by total service in the employ
20 of either the Alaska Engineering Commission or The Alaska
21 Railroad in the Territory of Alaska between March 12, 1914,
22 and July 1, 1923, or in the employ of either the Isthmian
23 Canal Commission or the Panama Railroad Company on
24 the Isthmus of Panama between May 4, 1904, and April 1,
25 1914.

1 "SURVIVOR ANNUITIES

2 "SEC. 10. (a) (1) If a Member or employee dies after
3 having retired under any provision of this Act and is sur-
4 vived by a wife or husband designated under section 9 (g),
5 such wife or husband shall be paid an annuity equal to
6 50 per centum of the annuity computed as provided in sub-
7 sections (a), (b), (c), (d), (e), and (f) of section 9 as
8 may apply with respect to the annuitant.

9 "(2) An annuity computed under this subsection shall
10 begin on the first day of the month in which the retired em-
11 ployee or Member dies, and such annuity or any right thereto
12 shall terminate upon the survivor's death or remarriage.

13 "(b) The annuity of a survivor designated under sec-
14 tion 9 (h) shall be 50 per centum of the reduced annuity
15 computed as provided in subsections (a), (b), (c), (d),
16 (e), (f), and (h) of section 9 as may apply with respect to
17 the annuitant. The annuity of such survivor shall begin on
18 the first day of the month in which the retired employee or
19 Member dies, and such annuity or any right thereto shall
20 terminate upon the survivor's death.

21 "(c) If an employee dies after completing at least five
22 years of civilian service, or a Member dies after completing
23 at least five years of Member service, the widow or widower
24 of such employee or Member shall be paid an annuity equal
25 to 50 per centum of an annuity computed as provided in

1 subsections (a), (b), (c), and (f) of section 9 as may apply
2 with respect to the employee or Member. The annuity of
3 such widow or widower shall begin on the first day of the
4 month after the employee or Member dies, and such annuity
5 or any right thereto shall terminate upon death or remarriage
6 of the widow or widower.

7 “(d) If an employee dies after completing five years of
8 civilian service or a Member dies after completing five years
9 of Member service, or an employee or a Member dies after
10 having retired under any provision of the Act, and is sur-
11 vived by a wife or a husband, each surviving child who re-
12 ceived more than one-half of his support from such employee
13 or Member shall be paid an annuity equal to the smallest of
14 (1) 40 per centum of the employee's or Member's average
15 salary divided by the number of children, (2) \$600, or
16 (3) \$1,800 divided by the number of children. If such
17 employee or Member is not survived by a wife or husband,
18 each surviving child shall be paid an annuity equal to the
19 smallest of (1) 50 per centum of the employee's or Mem-
20 ber's average salary divided by the number of children,
21 (2) \$720, or (3) \$2,160 divided by the number of children.
22 The child's annuity shall begin on the first day of the month
23 after the employee or Member dies, and such annuity or any
24 right thereto shall terminate upon (1) his attaining age 18
25 unless incapable of self-support, (2) his becoming capable

1 of self-support after age 18, (3) his marriage, or (4) his
2 death. Upon the death of the surviving wife or husband or
3 termination of the annuity of the child, the annuity of any
4 other child or children shall be recomputed and paid as
5 though such wife, husband, or child had not survived the
6 employee or Member.

7 “(e) In case a Member heretofore or hereafter separated
8 from service with title to a deferred annuity under this Act
9 or under section 3A of the Act of May 29, 1930, as amended,
10 shall hereafter die before having established a valid claim for
11 annuity and is survived by a wife or husband to whom mar-
12 ried at date of separation, such surviving wife or husband
13 (1) shall be paid an annuity equal to one-half the deferred
14 annuity of such Member beginning the first day of the month
15 following the death of such Member and terminating upon
16 the death or remarriage of such surviving wife or husband
17 or (2) may elect to receive a lump-sum credit in lieu of
18 annuity if such wife or husband is the person who would be
19 entitled to the lump-sum credit and files application therefor
20 with the Commission prior to the award of such annuity.

21 “LUMP-SUM BENEFITS

22 “SEC. 11. (a) Any employee or Member who is sepa-
23 rated from the service, or is transferred to a position wherein
24 he does not continue subject to this Act, shall be paid the
25 lump-sum credit provided his separation or transfer occurs

1 and application for payment is filed with the Commission
2 at least thirty-one days before the earliest commencing date
3 of any annuity for which he is eligible. The receipt of
4 payment of the lump-sum credit by the individual shall void
5 all annuity rights under this Act, unless and until he shall
6 be reemployed in the service subject to this Act. This sub-
7 section shall also apply to any employee or Member separated
8 prior to the effective date of this Act after completing at least
9 twenty years of civilian service.

10 “(b) Each present or former employee or Member may,
11 under regulations prescribed by the Commission, designate a
12 beneficiary or beneficiaries for the purposes of this Act.

13 “(c) Lump-sum benefits authorized under subsections
14 (d), (e), and (f) of this section shall be paid in the follow-
15 ing order of precedence to such person or persons surviving
16 the employee or Member and alive at the date title to the
17 payment arises, and such payment shall be a bar to recovery
18 by any other person:

19 “First, to the beneficiary or beneficiaries designated by
20 the employee or Member in a writing received in the Com-
21 mission prior to his death;

22 “Second, if there be no such beneficiary, to the widow
23 or widower of the employee or Member;

24 “Third, if none of the above, to the child or children of

1 the employee or Member and descendants of deceased chil-
2 dren by representation;

3 "Fourth, if none of the above, to the parents of the
4 employee or Member or the survivor of them;

5 "Fifth, if none of the above, to the duly appointed
6 executor or administrator of the estate of the employee or
7 Member;

8 "Sixth, if none of the above, to other next of kin of the
9 employee or Member as may be determined by the Commis-
10 sion to be entitled under the laws of the domicile of the
11 individual at the time of his death.

12 "(d) If an employee or Member dies (1) without a
13 survivor, or (2) with a survivor or survivors and the right
14 of all survivors shall terminate before claim for survivor
15 annuity is filed, or if a former employee or Member not
16 retired dies, the lump-sum credit shall be paid.

17 "(e) If all annuity rights under the Act based on the
18 service of a deceased employee or Member shall terminate
19 before the total annuity paid equals the lump-sum credit, the
20 difference shall be paid.

21 "(f) If an annuitant dies, any annuity accrued and un-
22 paid shall be paid.

23 "(g) Any annuity accrued and unpaid upon the termi-
24 nation (other than by death) of the annuity of any annuitant
25 or survivor annuitant shall be paid to such person. Any

1 survivor annuity accrued and unpaid upon the death of any
2 survivor annuitant shall be paid in the following order of
3 precedence, and such payment shall be a bar to recovery by
4 any other person:

5 "First, to the duly appointed executor or administrator
6 of the estate of the survivor annuitant;

7 "Second, if there is no such executor or administrator,
8 payment may be made, after the expiration of thirty days
9 from the date of death of such survivor annuitant, to such
10 next of kin of the survivor annuitant as may be determined
11 by the Commission to be entitled under the laws of the
12 survivor annuitant's domicile at the time of his death.

13 "ADDITIONAL ANNUITIES

14 "SEC. 12. (a) Any employee or Member may, under
15 regulations prescribed by the Commission, voluntarily con-
16 tribute additional sums in multiples of \$25, but the total
17 may not exceed 10 per centum of his basic salary for his
18 creditable service from and after August 1, 1920. The
19 voluntary contribution account in each case shall be the
20 sum of such unrefunded contributions, plus interest at 3
21 per centum per annum compounded annually to date of
22 separation or transfer to a position not within the purview
23 of this Act or, in case of an individual who is separated
24 with title to a deferred annuity and does not claim the
25 voluntary contribution account, to the commencing date fixed

1 for such deferred annuity or date of death, whichever is
2 earlier.

3 “(b) Such voluntary contribution account shall be used
4 to purchase at retirement an annuity in addition to the
5 annuity otherwise provided. For each \$100 in such volun-
6 tary contribution account, the additional annuity shall con-
7 sist of \$7, increased by 20 cents for each full year, if any,
8 such employee or Member is over the age of fifty-five years
9 at the date of retirement.

10 “(c) A retiring employee or Member may elect a
11 reduced additional annuity in lieu of the additional annuity
12 described in subsection (b) and designate in writing a
13 person to receive after his death an annuity of 50 per centum
14 of his reduced additional annuity. The additional annuity
15 of the employee or Member making such election shall be
16 reduced by 10 per centum, and by 5 per centum for each
17 full five years the person designated is younger than the
18 retiring employee or Member, but such total reduction shall
19 not exceed 40 per centum.

20 “(d) Any employee or Member who is separated from
21 the service before becoming eligible for immediate or de-
22 ferred annuity or who transfers to a position wherein he
23 does not continue subject to this Act shall be paid the
24 voluntary contribution account. Any employee or Member
25 who is separated from the service after becoming eligible

1 for a deferred annuity under section 8 may elect to receive,
 2 in lieu of additional annuity, the voluntary contribution
 3 account, provided his separation occurs and application for
 4 payment is filed with the Commission at least thirty-one days
 5 before the commencing date of annuity.

6 “(e) If any present or former employee or Member
 7 not retired dies, the voluntary contribution account shall be
 8 paid under the provisions of section 11 (c). If all addi-
 9 tional annuities or any right thereto based on the voluntary
 10 contribution account of a deceased employee or Member
 11 terminate before the total additional annuity paid equals such
 12 account, the difference shall be paid under the provisions
 13 of section 11 (c).

14 “REEMPLOYMENT OF ANNUITANTS

15 ”SEC. 13. (a) Notwithstanding any other provision of
 16 law, an annuitant heretofore or hereafter retired under this
 17 Act shall not, by reason of his retired status, be barred from
 18 employment in any appointive position for which he is
 19 qualified. An annuitant so reemployed shall serve at the
 20 will of the appointing officer.

21 “(b) If an annuitant receiving annuity from the fund
 22 (other than (1) one whose annuity is terminated under sec-
 23 tion 7 (d) or (2) a Member retired under section 6 (f),
 24 (7), or 8 (b), or under section 3A of the Act of May 29,
 25 1930, as amended) hereafter becomes employed, or on the

1 date of enactment of this Act is serving, in an appointive
2 or elective position, his service on and after the date he
3 was or is so employed shall be covered by this Act. No
4 deductions for the retirement fund shall be withheld
5 from his salary, but there shall be deducted from his
6 salary, except for lump-sum leave payment purposes under
7 the Act of December 21, 1944, a sum equal to the annuity
8 allocable to the period of actual employment, and this pro-
9 vision concerning the lump-sum leave payments shall also
10 be effective in the case of each retired employee separated
11 from reemployment after December 15, 1953, and before the
12 effective date of this Act: Provided, That if such annuitant
13 serves on a full-time basis for at least one year in employ-
14 ment not excluding him under section 2 (b) from coverage,
15 (1) his annuity upon termination of employment shall be
16 increased by an annuity computed under subsections (a),
17 (b), (d), and (f) of section 9 as may apply based upon the
18 period of and the basic salary (before deduction) averaged
19 during such employment, and (2) his lump-sum credit shall
20 not be reduced by annuity paid during such employment.
21 The employment of an annuitant under this subsection shall
22 not operate to create an annuity for or in any manner affect
23 the annuity of any survivor.

24 “(c) If a Member heretofore or hereafter retired under
25 section 3A of the Act of May 29, 1930, as amended, or under

1 *this Act hereafter becomes employed in an appointive or*
2 *elective position, annuity payments shall be discontinued dur-*
3 *ing such employment and resumed in the same amount upon*
4 *termination of such employment: Provided, That if such re-*
5 *tired Member takes office as a Member and gives notice as*
6 *provided in section 2 (c), his service as a Member during*
7 *such period shall be credited in determining his right to and*
8 *the amount of his subsequent annuity.*

9 *“PAYMENT OF BENEFITS*

10 *“SEC. 14. (a) Each annuity is stated as an annual*
11 *amount, one-twelfth of which, fixed at the nearest dollar,*
12 *accrues monthly and is payable on the first business day of*
13 *the month after it accrues.*

14 *“(b) Except as otherwise provided, the annuity of an*
15 *employee shall commence on the first of the month after*
16 *separation from the service, or on the first of the month after*
17 *salary ceases, provided the employee meets the service and*
18 *the age or disability requirements for title to annuity at that*
19 *time. The annuity of a Member or of an elected officer of*
20 *the Senate or House of Representatives shall commence on*
21 *the day following the day on which salary shall cease pro-*
22 *vided the person entitled to such annuity meets the service*
23 *and the age or disability requirements for title to annuity at*
24 *that time. The annuity of an employee or Member under*

1 section 8 shall commence on the first of the month after
2 the occurrence of the event on which payment of the annuity
3 is based.

4 “(c) An annuity shall terminate on the last day of the
5 month preceding the month in which death or any other
6 terminating event provided in this Act occurs.

7 “(d) Any person entitled to annuity from the fund may
8 decline to accept all or any part of such annuity by a waiver
9 signed and filed with the Commission. Such waiver may be
10 revoked in writing at any time, but no payment of the
11 annuity waived shall be made covering the period during
12 which such waiver was in effect.

13 “(e) Where any payment is due a minor, or a person
14 mentally incompetent or under other legal disability, such
15 payment may be made to the person who is constituted
16 guardian or other fiduciary by the law of the State of resi-
17 dence of such claimant or is otherwise legally vested with the
18 care of the claimant or his estate: Provided, That where no
19 guardian or other fiduciary of the person under legal dis-
20 ability has been appointed under the laws of the State of
21 residence of the claimant, payment may be made to any
22 person who in the judgment of the Commission is responsible
23 for the care of the claimant, and such payment shall be a bar
24 to recovery by any other person.

1 “EXEMPTION FROM LEGAL PROCESSES

2 “SEC. 15. (a) *None of the moneys mentioned in this*
3 *Act shall be assignable, either in law or equity, or be subject*
4 *to execution, levy, attachment, garnishment, or other legal*
5 *process.*

6 “(b) *Notwithstanding any other provision of law, there*
7 *shall be no recovery of any payments under this Act from*
8 *any person when, in the judgment of the Commission, such*
9 *person is without fault and such recovery would be contrary*
10 *to equity and good conscience; nor shall there be any with-*
11 *holding of recovery of any moneys mentioned in this Act on*
12 *account of any certification or payment made by any former*
13 *employee of the United States in the discharge of his official*
14 *duties unless the head of the department or agency on behalf*
15 *of which the certification or payment was made certifies to*
16 *the Commission that such certification or payment involved*
17 *fraud on the part of such employee.*

18 “ADMINISTRATION

19 “SEC. 16. (a) *This Act shall be administered by the*
20 *Commission. Except as otherwise specifically provided here-*
21 *in, the Commission is hereby authorized and directed to*
22 *perform, or cause to be performed, any and all acts and to*
23 *make such rules and regulations as may be necessary and*
24 *proper for the purpose of carrying the provisions of this*
25 *Act into full force and effect.*

1 “(b) Applications under this Act shall be in such form
2 as the Commission shall prescribe, and shall be supported by
3 such certificates from departments or agencies as the Com-
4 mission may deem necessary to the determination of the
5 rights of applicants. The Commission shall adjudicate all
6 claims under this Act.

7 “(c) Questions of dependency and disability arising
8 under this Act shall be determined by the Commission and
9 its decisions with respect to such matters shall be final and
10 conclusive and shall not be subject to review. The Com-
11 mission may order or direct at any time such medical or
12 other examinations as it shall deem necessary to determine
13 the facts relative to the disability or dependency of any
14 person receiving or applying for annuity under this Act,
15 and may suspend or deny any such annuity for failure to
16 submit to any such examination.

17 “(d) An appeal to the Commission shall lie from any
18 administrative action or order affecting the rights or interests
19 of any person or of the United States under this Act, the
20 procedure on appeal to be prescribed by the Commission.

21 “(e) Fees for examinations made under the provisions
22 of this Act, by physicians or surgeons who are not medical
23 officers of the United States, shall be fixed by the Commis-
24 sion, and such fees, together with reasonable traveling and
25 other expenses incurred in connection with such examinations,

1 shall be paid out of the appropriations for the cost of adminis-
2 tering this Act.

3 “(f) The Commission shall publish an annual report
4 upon the operations of this Act and shall include in each
5 such report a statement with respect to the status of the fund
6 on a normal cost plus interest basis.

7 “(g) The Commission is hereby authorized and directed
8 to select three actuaries, to be known as the Board of Actu-
9 aries of the Civil Service Retirement System. It shall be the
10 duty of such Board to report annually upon the actuarial
11 status of the system and to furnish its advice and opinion
12 on matters referred to it by the Commission, and it shall have
13 the authority to recommend to the Commission and to the
14 Congress such changes as in the Board's judgment may be
15 deemed necessary to protect the public interest and maintain
16 the system upon a sound financial basis. The Commission
17 shall keep or cause to be kept such records as it deems neces-
18 sary for making periodic actuarial valuations of the Civil
19 Service Retirement System, and the Board shall make such
20 valuations at intervals of five years, or oftener if deemed
21 necessary by the Commission. The compensation of the
22 members of the Board of Actuaries, exclusive of such mem-
23 bers as are in the employ of the United States, shall be fixed
24 by the Commission.

1 “CIVIL SERVICE RETIREMENT AND DISABILITY FUND

2 “SEC. 17. (a) *The fund is hereby appropriated for*
3 *the payment of benefits as provided in this Act.*

4 “(b) *The Secretary of the Treasury is hereby authorized*
5 *to accept and credit to the fund moneys received in the*
6 *form of donations, gifts, legacies, or bequests, or otherwise*
7 *contributed for the benefit of civil-service employees*
8 *generally.*

9 “(c) *The Secretary of the Treasury shall immediately*
10 *invest in interest-bearing securities of the United States, such*
11 *currently available portions of the fund as are not imme-*
12 *diately required for payments from the fund, and the income*
13 *derived from such investments shall constitute a part of the*
14 *fund.*

15 “(d) *The purposes for which obligations of the United*
16 *States may be issued under the Second Liberty Bond Act,*
17 *as amended, are hereby extended to authorize the issuance*
18 *at par of public-debt obligations for purchase by the fund.*
19 *Such obligations issued for purchase by the fund shall have*
20 *maturities fixed with due regard for the needs of the fund and*
21 *bear interest at a rate equal to the average rate of interest*
22 *computed as to the end of the calendar month next preceding*
23 *the date of such issue, borne by all marketable interest-*
24 *bearing obligations of the United States then forming a part*
25 *of the public debt that are not due or callable until after*

1 *the expiration of five years from the date of original issue;*
 2 *except that where such average rate is not a multiple of*
 3 *one-eighth of 1 per centum, the rate of interest of such*
 4 *obligations shall be the multiple of one-eighth of 1 per*
 5 *centum nearest such average rate. Such obligations shall*
 6 *be issued for purchase by the fund only if the Secretary*
 7 *of the Treasury determines that the purchase in the market*
 8 *of other interest-bearing obligations of the United States, or*
 9 *of obligations guaranteed as to both principal and interest*
 10 *by the United States on original issue or at the market price,*
 11 *is not in the public interest.*

12 “(e) *The Commission shall submit estimates of the appro-*
 13 *priations necessary to finance the fund on a normal cost*
 14 *plus interest basis and to continue this Act in full force and*
 15 *effect.*

16 “SHORT TITLE

17 “SEC. 18. *This Act may be cited as the ‘Civil Service*
 18 *Retirement Act’.*”

19 MEMBERS OF FACULTY OF NAVAL ACADEMY

20 SEC. 2. (a) *On and after the effective date of this Act*
 21 *persons employed as members of the civilian faculties of the*
 22 *United States Naval Academy and the United States Naval*
 23 *Postgraduate School shall be included within the terms of*
 24 *the Civil Service Retirement Act. On and after such effec-*

1 tive date the Act of January 16, 1936 (49 Stat. 1092), as
2 amended (34 U. S. C. 1073-1073f), shall not apply to
3 such persons.

4 (b) In lieu of the deposit prescribed by section 4 (c)
5 of the Civil Service Retirement Act, an employee who by
6 virtue of subsection (a) is included within the terms of
7 such Act shall deposit, for service rendered prior to the
8 effective date of this Act as a member of the civilian faculty
9 of the United States Naval Academy or of the United States
10 Naval Postgraduate School, a sum equal to so much of the
11 repurchase price of his annuity policy carried as required
12 by the Act of January 16, 1936, as amended, as is based
13 on the monthly allotments which were registered with the
14 Navy Allotment Office toward the purchase of that annuity,
15 the deposit to be made within six months after the effective
16 date of this Act. Should the deposit not be made within
17 that period no credit shall be allowed under the Civil Service
18 Retirement Act for service rendered as a member of the
19 civilian faculty of the United States Naval Academy or of
20 the United States Naval Postgraduate School subsequent to
21 July 31, 1920, and prior to the effective date of this Act.
22 If the deposit is made, such service shall be held and con-
23 sidered to be service during which the employee was subject
24 to the Civil Service Retirement Act.

CONTINUATION OF PRIOR RIGHTS

1
2 *SEC. 3. Except as otherwise provided, the amendments*
3 *made by this Act shall not apply in the case of employees or*
4 *Members retired or otherwise separated prior to its effective*
5 *date, and the rights of such persons and their survivors shall*
6 *continue in the same manner and to the same extent as if*
7 *this Act had not been enacted. In the case of any Member*
8 *heretofore separated with title to an annuity under the Act*
9 *of May 29, 1930, as amended, the annuity of such Member*
10 *and of any survivor of such Member shall be computed and*
11 *paid from and after the effective date of this Act as if the Act*
12 *of August 11, 1955 (69 Stat. 692), had been in effect on the*
13 *date of the separation of such Member.*

VICE PRESIDENT

14
15 *SEC. 4. The notice required by section 2 (c) of the Civil*
16 *Service Retirement Act may be given, by any person holding*
17 *the office of Vice President on the effective date of this Act,*
18 *at any time within fifteen days after such effective date, and*
19 *in the case of any such person service performed in such office*
20 *shall be considered service during which he was subject to such*
21 *Act for the purpose of section 3 (g) thereof.*

FUTURE SALARY INCREASES TO INCLUDE INCREASES TO

ANNUITANTS

22
23
24 *SEC. 5. It is the policy of the Congress that whenever*
25 *in the future any general adjustment is made in the salaries*

1 of Government employees, corresponding adjustments should
2 be made in the annuities of retired employees.

3 *FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUT-*
4 *SIDE UNITED STATES TO AVOID PROSECUTION*

5 *SEC. 6. The Act entitled "An Act to prohibit payment*
6 *of annuities to officers and employees of the United States*
7 *convicted of certain offenses, and for other purposes", ap-*
8 *proved September 1, 1954 (68 Stat. 1142), is amended*
9 *by adding at the end of section 2 thereof a new subsection as*
10 *follows:*

11 *"(c) In any case in which, after the date of enactment*
12 *of this subsection, any person under indictment for any*
13 *offense within the purview of the first section of this Act*
14 *wilfully remains outside the United States, its Territories,*
15 *and possessions, for a period in excess of one year with*
16 *knowledge of such indictment, no annuity or retired pay*
17 *shall be paid, for any period subsequent to the end of such*
18 *one-year period, to such person or to the survivor or bene-*
19 *ficiary of such person, on the basis of the service of such*
20 *person, as an officer or employee of the Government unless*
21 *and until a nolle prosequi to the entire indictment is entered*
22 *upon the record or such person returns and thereafter the*
23 *indictment is dismissed or after trial by court the accused is*
24 *found not guilty of the offense or offenses charged in the*
25 *indictment."*

1

EFFECTIVE DATE

2

SEC. 7. This Act shall take effect the first day of the
3 first month which begins more than sixty days after the date
4 of enactment of this Act.

5

SHORT TITLE

6

SEC. 8. This Act may be cited as the "Civil Service
7 Retirement Act Amendments of 1956".

Passed the Senate May 23 (legislative day, May 7),
1956.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To revise the Civil Service Retirement Act.

MAY 24, 1956

Referred to the Committee on Post Office and Civil
Service

JULY 21, 1956

Reported with an amendment, committed to the Com-
mittee of the Whole House on the State of the
Union, and ordered to be printed

House of Representatives

SATURDAY, JULY 21, 1956

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who hast created us and revealed Thyself as the guiding intelligence, may we appreciate more fully how wonderful and sacred it is that daily we may enter into counsel and companionship with the God of infallible wisdom.

We penitently confess that we so frequently take counsel with our fears and personal desires and place our confidence solely in human ingenuity.

Wilt Thou bless us as we continue to pray and labor for that glorious day of prediction when nations shall learn war no more and men shall beat their words into plowshares and their spears into pruning hooks.

Deliver us from all cynical and despondent tempers of mind as we think of that prophecy and may we never be tempted to feel that universal peace is merely an illusion and a forlorn hope.

Inspire us with the rapture of the forward look and the courage to believe that the time is coming when men and nations shall be organized into a league of friendly minds and hearts.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Farrell, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H. R. 9038. An act to amend title 28 of the United States Code to provide that the Commonwealth of Puerto Rico shall be treated as a State for purposes of district court jurisdiction based on diversity of citizenship;

H. R. 12034. An act to authorize the Secretary of the Interior to execute a contract with the Tule Lake Irrigation District, California, and for other purposes; and

H. Con. Res. 258. Concurrent resolution accepting without cost to the United States copies of the recording "Pledge of Allegiance to the Flag" and providing for distribution of such copies.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8750. An act to amend the Watershed and Protection and Flood Prevention Act.

The message also announced that the Senate insists upon its amendment to the

foregoing bill, and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. KERR, Mr. GORE, Mr. McNAMARA, Mr. MARTIN of Pennsylvania, Mr. CASE of South Dakota, and Mr. HRUSKA to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3356. An act to direct the Secretary of the Navy or his designee to convey a 240.55-acre tract of land situated near the city of Grand Prairie, in Dallas County, Tex., to the State of Texas;

S. 3728. An act to provide for the construction by the Secretary of the Interior of the San Angelo Federal reclamation project, Texas, and for other purposes;

S. 3858. An act to amend the act of June 28, 1935, authorizing participation by the United States in the Interparliamentary Union;

S. J. Res. 183. Joint resolution authorizing an appropriation to enable the United States to extend an invitation to the World Health Organization to hold the 11th World Health Assembly in the United States in 1958; and

S. J. Res. 186. Joint resolution authorizing an appropriation for expenses of the Pan American games to be held in Cleveland, Ohio, in 1959.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1774) entitled "An act to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes."

FEDERAL EXECUTIVES PAY ACT OF 1955

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, MORRISON, and REES of Kansas.

SAM H. RAY

Mr. FORRESTER submitted the following conference report and statement

on the bill (H. R. 1637) for the relief of Sam H. Ray:

CONFERENCE REPORT (H. REPT. No. 2851)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1637) for the relief of Sam H. Ray, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

Strike out the figures "\$5,000," and insert in lieu thereof "\$7,500"; and the Senate agree to the same.

HAROLD D. DONOHUE,
E. L. FORRESTER,
WILLIAM E. MILLER,

Managers on the Part of the House.

JOSEPH C. O'MAHONEY,
OLIN D. JOHNSTON,
ARTHUR V. WATKINS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1637) for the relief of Sam H. Ray, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The bill as passed the House would appropriate the sum of \$10,000 to Sam H. Ray, of Washington, D. C., in full settlement of all claims against the United States for injuries he received resulting in the amputation of his right arm following an accident which occurred when he was 8 years of age, while he was working in the laundry at Ute Mountain Indian School at Towaoc, Colo.

The Senate reduced the sum to \$5,000, and at the conference the sum of \$7,500 was agreed upon.

HAROLD D. DONOHUE,
E. L. FORRESTER,
WILLIAM E. MILLER,

Managers on the Part of the House.

DR. ARTHUR H. COMPTON

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 647) to provide for the reappointment of Dr. Arthur H. Compton as Citizen Regent of the Board of Regents of the Smithsonian Institution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of Dr. Arthur H. Compton, of St. Louis, Mo., on September 20, 1956, be filled by the reappointment of the present incumbent for the statutory term of 6 years.

Miss Helen W. Rose, of Minnesota.
Gustav A. Sallas, of the District of Columbia.
Manuel Sanchez, of Florida.
William B. Snidow, of Virginia.
W. Davidson Tenney, of Maryland.
Vernon B. Zirkle, of Virginia.

To be Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service of the United States of America

Miss Marion E. Anderson, of Connecticut.
Miss Faith V. Andrus, of California.
Hyman Bloom, of the District of Columbia.
S. Lees Booth, of Virginia.
John A. Brogan III, of New York.
Hubert H. Buzbee, Jr., of Alabama.
Harold T. Christie, of New York.
Fred A. Durling, of New York.
Miss Jean L. Farr, of Massachusetts.
Clifford J. Glennon, of Utah.
Seymour S. Goodman, of Virginia.
Albert W. Jessee, of California.
William Kelley, of Florida.
Leslie A. Killeforth, of California.
Malcolm Lawrence, of Maryland.
Orville M. Lewis, of Virginia.
Theodore L. Lewis, of New York.
Copeland H. Marks, of Vermont.
Miss Teresa Offie, of Pennsylvania.
Miss Mary W. Oliverson, of Oklahoma.
Joseph E. O'Mahony, of New York.
Neil L. Parks, of Maryland.
Miss Elizabeth Rice, of Florida.
Regulo Rivera, of California.
Mrs. Helen E. Sheehy, of Arkansas.
Miss Lucy A. Shults, of New York.
Miss Cora M. Smith, of Vermont.
Fred A. Somerford, of Maryland.
Marcel van Essen, of New York.
Robert D. Yoder, of Pennsylvania.

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America

Philip M. Allen, of New York.
William M. Beck, of Illinois.
Melville E. Blake, Jr., of California.
Harry A. Cahill, of New York.
Paul F. Canney, of Massachusetts.
Frank C. Carlucci, of Pennsylvania.
R. Dabney Chapman, of Virginia.

Robert G. Cox, of New Mexico.
Edwin G. Croswell, of Ohio.
Allen C. Davis, of Tennessee.
John C. Dorrance, of California.
Robert A. England, of Connecticut.
Maynard W. Glitman, of Illinois.
Carl J. Grip, of California.
Walter V. Hall, of Virginia.
Lambert Heyniger, of New York.
George Borman High, of Illinois.
Donald R. Jones, of Alabama.
George F. Jones, of Texas.
Miss Carol P. Kane, of Ohio.
Edward E. Keller, Jr., of California.
Thomas F. Killoran, of Massachusetts.
William E. Knepper, of Kansas.
Peter W. Lande, of Massachusetts.
Larry E. Lane, of Texas.
John K. Laumer, of Florida.
Herbert Levin, of New York.
Alan Logan, of California.
Stuart H. McIntyre, of Oregon.
Melvin M. Marcus, of Michigan.
Richard B. Moon, of Missouri.
Richard H. Morefield, of California.
Don A. Morgan, of Oregon.
Beauveau B. Nalle, of Virginia.
Charles R. O'Hara, of Maryland.
Arthur C. Plambeck, of Illinois.
David R. Reynolds, of Connecticut.
Robert F. Rogers, of California.
Bernard J. Rotklein, of Minnesota.
Jackson L. Smith, of Florida.
Thomas W. M. Smith, of Massachusetts.
Franklyn E. Stevens, of California.
Edward J. Streater, Jr., of New York.
Thurston F. Teele, of Massachusetts.
George H. Thigpen, of the District of Columbia.
Francis Hugh Thomas, of Pennsylvania.
Donald R. Toussaint, of California.
Edward T. Walters, of Missouri.
Charles L. Young, of Michigan.

To be consuls of the United States of America

Gilbert F. Austin, of Washington.
William K. Braun, of Ohio.
John P. Coffey, of Illinois.
Frederick N. Cromwell, of Arizona.
Edwin C. Kirkland, of Florida.
Nathan R. Meadows, of Massachusetts.
Robert L. Nichols, of Massachusetts.
Nicholas Ruggieri, of Rhode Island.
Benjamin L. Sowell, of Maryland.

Carleton B. Swift, Jr., of the District of Columbia, to be a consul and a secretary in the diplomatic service of the United States of America.

Peter M. F. Sichel, of the District of Columbia, to be a consul of the United States of America.

To be secretaries in the diplomatic service of the United States of America

Charles D. Hyson, of New York.
Richard G. Weitzel, of Pennsylvania.

To be vice consuls of the United States of America

Harold Lloyd Goodall, of West Virginia.
Clifford A. Rajala, of Michigan.
John R. Rogers, of Virginia.
Robert T. Shaw, of Virginia.

Carleton C. Brower, of California, to be a Foreign Service officer of class 6, a vice consul of career, and a secretary in the diplomatic service of the United States of America. This nomination is submitted for the purpose of correcting an error in the nomination as submitted to the Senate on June 4, 1956, and confirmed by the Senate on June 14, 1956.)

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America

Sheldon Applebaum, of New York.
Richard D. Christiansen, of Michigan.
Stephen H. Rogers, of New York.
William Watts, of Massachusetts.
David S. Lusby, of Arizona.
Ernest A. Nagy, of Ohio.

SUPREME COURT, TERRITORY OF HAWAII

Masaji Marumoto, of Hawaii, to be associate justice of the Supreme Court, Territory of Hawaii; term of 4 years.

UNITED STATES ATTORNEY

Roger G. Connor, of Alaska, to be United States attorney, District of Alaska, division No. 1; term of 4 years.

UNITED STATES MARSHAL

Ralph W. Gray, of Massachusetts, to be United States marshal for the District of Massachusetts for the term of 4 years.

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withdrawn and the withdrawal lifted. This bill will now be sent to the President p. 12676

Passed as reported HR 4096, to provide for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska, subject to appropriate easements. p. 12676

Passed without amendment S. 4059, providing for price reporting and research with respect to forest products. p. 12761

16. PROPERTY. Passed without amendment H. R. 10946, to provide for the disposition of surplus personal property to the Territorial government of Alaska until Dec. 31, 1958. This bill will now be sent to the President. p. 12676

17. SEEDS. Passed as reported H. R. 11522, to provide for the extension of certain provisions of Federal laws, including the Federal Seed Act, the Vocational Rehabilitation Act, and wildlife restoration authorities, to Guam. p. 12678

18. LANDS. Passed over, at the request of Sen. Purtell, S. 3957, to amend the act authorizing the exchange of certain farm units in order to limit the time during which applications may be made under the act. p. 12684

Passed over, at the request of Sen. Purtell S. Res. 281, relative to the conservation and development of land and water resources. p. 12684

Passed without amendment H. J. Res. 642, to authorize and direct the Secretary of Agriculture to quitclaim certain property in Coahoma Co., Miss., to the Home Demonstration Club of Rena Lara, Miss. This measure will now be sent to the President. p. 12727

19. TRANSPORTATION. Passed without amendment S. J. Res. 197, authorizing the President to proclaim the period from Oct. 22 to 27, 1956, as National Transportation Week. p. 12686

20. FARM-CITY WEEK. Passed without amendment H. J. Res. 317, designating the week of Nov. 16 to 22, 1956, as National Farm-City Week. This measure is now ready for the President. p. 12686

21. FOREIGN AFFAIRS. Sen. Mansfield discussed the foreign policy problems between the U. S. and Russia. p. 12703

22. RECLAMATION. Agreed to the conference report on S. 497, to authorize the Secretary of the Interior to construct, operate, and maintain the Wahoë reclamation project, Nev. and Calif. This bill will now be sent to the President. p. 12708

23. PERSONNEL. Passed as reported S. 3725, to provide for increases in the annuities of annuitants under the Civil Service Retirement Act of May 29, 1930, as amended. p. 12723

24. FARM PROGRAM. Sen. Stennis discussed the "economic plight" of the farmer. p. 12727

25. EXECUTIVE PAY; RETIREMENT. The "Daily Digest" states that "Conferees met in executive session to resolve the difference between the Senate- and House-passed versions of H. R. 7619, to adjust the rates of compensation of heads of executive departments and of certain other Federal officials, but did not conclude their work and will meet again tomorrow." p. D870

26. APPROPRIATIONS. Agreed to waive the rule providing that all reports of committees lie over 1 day for consideration, in order that the second supplemental appropriation bill for 1957 may be considered when received. p. 12667
27. LEGISLATIVE PROGRAM. Sen. Johnson announced that the mutual security appropriation bill will be further considered today. p. 12762

HOUSE

28. APPROPRIATIONS. Agreed to the conference report on H. R. 12138, the supplemental appropriation bill for 1957. The House concurred in the Senate amendment providing 40,000 for the Baker National Forest ski shelter; and adopted amendments to the Senate amendments providing \$16,250,000 (instead of \$18,915,000) for animal disease laboratory facilities and providing that land acquisition to the Superior National Forest shall be subject to local governmental approval. p. 12763

Passed as reported H. R. 11682, to facilitate the control and eradication of certain animal diseases, to facilitate the carrying out of agricultural and related programs, to facilitate the agricultural attache program, and to facilitate the operation of the FNA, FCIC, and FS. p. 12806

29. BUDGETING; ACCOUNTING. Received the conference report on S. 3897, to improve Governmental budgeting and accounting methods and procedures. The statement of the House conferees includes the following: "The conference substitute is substantially the bill as passed by the House with the deletion of the minor amendments which the House made to H. R. 11526 as originally introduced. The provision for appropriations on an accrued expenditure basis which the House rejected remains out of the substitute.

"The substitute, as in the House-passed bill, provides for budget information on program costs and accomplishments; departmental budgeting on a cost basis; synchronization of organization structure, budget classifications and accounting systems; accounting on an accrual basis; and simplification in the subdivision of appropriations or funds.

"This legislation does not provide for a major overhaul of the Government budget and accounting systems nor does it correct all of the weaknesses that have been criticized. It does, however, provide progressive forward steps on the basis of which many improvements can be made. Due to the impending adjournment it is not likely that further action can be taken in this Congress." (H. Rept. 2872). p. 12770

30. FORESTRY. Rep. Gavin objected to the consideration of S. 1079, to authorize the Secretary of Agriculture to sell at not less than the appraised value, and under such terms and conditions as he deems appropriate, lands in the national forests which are isolated parcels or narrow projecting strips, when he finds such lands suitable for private ownership and better adapted to commercial, agricultural, residential, or private purposes other than to national forest purposes. p. 12794

Passed without amendment S. 2216, to amend the Act of March 4, 1915, to permit the use and occupancy of national forest lands for industrial and commercial purposes, and by States or political subdivisions for constructing facilities for education or other public uses. This bill is now ready for the President. p. 12794

31. LANDS. At the request of Rep. Aspinall (for Rep. Dempsey), passed over H. R. 8250, to require conformance with State and Territorial fish and game laws and

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out the portion of the bill dealing with the channeling of Government procurement contracts into distressed areas (p. 13314).

13. FOOD RESERVE. Sen. Martin, Iowa, inserted his statement relating to the establishment of an international food and raw materials reserve under the U. N. p. 13111
14. ASC COMMITTEES. Sen. Symington inserted and discussed correspondence with the Secretary concerning the operations of the Missouri State ASC Committee. p. 13119
15. RECLAMATION. Sen. Morse inserted correspondence from a local Chamber of Commerce regarding the size of farm units in the Columbia Basin project. p. 13282
16. RESEARCH. Sen. Mundt inserted a statement by Rep. Jensen, Iowa, and himself concerning the utilization of grain alcohol in the manufacture of fuel used for motor vehicles. p. 13283
17. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, including provisions for farm housing loans and disposal of certain farm-labor camps. Conferees were appointed. p. 13294
18. FISHERIES. Sen. Neuberger inserted a telegram from a local outdoor group favoring S. 3275, the fisheries bill. p. 13322
19. FOREIGN AFFAIRS. Sen. Morse inserted an Oregon Farmer Union article, "Patton on Foreign Aid". p. 13283
Sen. Malone stated that free trade destroys American workingmen and investors. p. 13321
20. IMPORTS. The Finance Committee reported without amendment H. R. 12254, to provide additional time for the Tariff Commission to review the customs tariff schedules (S. Rept. 2780). p. 13069
21. EXECUTIVE PAY; RETIREMENT. The "Daily Digest" states that "Conferees, in executive session, agreed to file a conference report on the differences between the Senate-and House-passed versions of H. R. 7619, to adjust the rates of compensation of heads of executive departments and of certain other Federal officials". p. D884
22. TRANSPORTATION. The Interstate and Foreign Commerce Committee submitted a report, "Transportation Problems of Alaska and the Pacific Coast States" (S. Rept. 2802). p. 13070
23. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Great Plains bill and Guar seed bills would be considered today (p. 13096). Agreed to waive the requirement that committee reports must lie over a day before being taken up (p. 13107).

HOUSE

24. FARM LOANS. Both Houses agreed to the conference report (see Digest 125) on H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act. This bill is now ready for the President. pp. 13231, 13293
25. WATERSHEDS. Both Houses agreed to the conference report on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. This bill is now ready for the President. pp. 13231, 13293
26. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses agreed to the conference report on S. 3903, to increase from \$1.5 billion to \$3 billion the authorization under title I of the Agricultural Trade Development and Assistance Act. This bill is now ready for the President. pp. 13232, 13293
27. FOREIGN AID. Conferees were appointed, and later the conference report was received on H. R. 12130, the mutual security appropriation bill for 1957. The conference report includes provisions: Appropriating \$250 million for development assistance, deleting Senate language continuing funds available until June 30, 1958; appropriating \$135 million for technical assistance (instead of \$140,500,000 as proposed by the Senate), and \$15,500,000 for U. N. technical assistance (instead of \$10 million as proposed by the House); appropriating \$2,500,000 for ocean freight charges (instead of \$1,400,000 as proposed by the House and \$3,000,000 as proposed by the Senate). (H. Rept. 2931). pp. 13124, 13253
28. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. The amendment to H. R. 11742, consisted of inserting the language of H. R. 12328, a similar bill. p. 13130
29. WHEAT. Passed without amendment S. 4221, to extend the period of the International Wheat Agreement until July 31, 1959. This bill is now ready for the President. p. 13161
30. FLOOD INSURANCE. Passed with amendments S. 3732, to provide insurance against flood damages. Adopted an amendment offered by Rep. Dies to require States to contribute one-half of the cost of the program after June 30, 1959, and an amendment by Rep. Dodd to authorize the Administrator to fix the premium on the loans as well as to establish the premium on the insurance. p. 13212
31. PERSONNEL. Rep. Lesinski discussed the administration of the Federal employees' loyalty-security program and inserted a statement by M. E. Markwood, of the NFEE, suggesting a revision of this system. p. 13242
Received from the Treasury Department a report on operations of Federal agencies in connection with the bonding of employees; to the Post Office and Civil Service Committee. p. 13255
32. FORESTRY. Received and agreed to the conference report on H. R. 5712, to provide that the U. S. hold in trust for the Pueblos of Zia and Jemez a part of the Ojo del Espiritu Santo Grant and a small area of public domain adjacent thereto (H. Rept. 2907). p. 13127
The Agriculture Committee reported with amendment H. R. 3436, to provide that sums paid to States from moneys received from national forests may be used

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16. RESEARCH. Sen. Capehart inserted his statement concerning his proposed bill (S. 3503) to establish a research program for the purpose of developing increased industrial uses of agricultural products. p. 13402
 17. TRANSPORTATION. Sen. Kefauver inserted and commented on an ICC report relative to increased freight rates. p. 13426
 18. ELECTRIFICATION. Sen. Gore and others spoke of the need for new energy sources. p. 13431
 19. VETERANS' BENEFITS. Sen. Hill inserted an article and commented on the expiration of the GI Bill of Rights. p. 13443
 20. RECLAMATION. Passed as reported S. 3468, to authorize the Secretary of the Interior to amend certain contracts for furnishing water to the city of Rapid City, S. Dak. p. 13450
 21. PATENTS. Sen. Thye inserted his statement urging passage of H. R. 2128, to provide for the extension of patents. p. 13450
 22. FOREIGN AFFAIRS. Sen. Mansfield concluded his series of remarks on U. S. foreign policy. p. 13375
Sen. George inserted a summary of the treaties, bills and resolutions acted upon favorably by the Foreign Relations Committee. p. 13409
 23. LEGISLATIVE PROGRAM. Sen. Magnuson announced that the conference report on the fisheries bill (S. 3275) would be called up for consideration today. p. 13461
- HOUSE
24. FOREIGN AID. Agreed to the conference report on H. R. 12130, the mutual security appropriation bill for 1957. Action on the amendments in disagreement consisted of the following: Amended the Senate amendment by providing that not less than \$18.5 million of the \$50 million grant to Spain be used for agricultural commodities (instead of not less than one-half, as provided in the Senate amendment), and receded and concurred in the other two amendments in disagreement. p. 13484
 25. CROP INSURANCE. Passed as reported H. R. 5275, to authorize FCIC reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly authorized agency of the Commonwealth of Puerto Rico. p. 13487
 26. APPROPRIATIONS. Conferees were appointed, the conference report was received, and agreed to, on H. R. 12350, the second supplemental appropriation bill for 1957. (H. Rept. 2941). (See attached table regarding USDA items. The bill also includes \$150,000 for the Commission on Increased Industrial Use of Agricultural Products. pp. 13498, 13587, D893
 27. SOCIAL SECURITY. Received and agreed to the conference report on H. R. 7225, to amend and revise title II of the Social Security Act. The conference report includes the following provisions:
"...a farmer will report two-thirds of his gross income where it is \$1,800 or less as his net income. Where his gross income is over \$1,800, he may report either his actual net income, or if his net income is less

than \$1,200 he may report \$1,200 as his net income.. ...permit members of farm partnerships to use the optional method of reporting.

"The conference agreement substantially follows the House-passed bill by providing that rentals will be credited as self-employment income where the owner or tenant of the land participates materially with the individual working the land in the production or the management of the production of an agricultural or horticultural commodity. Share farmers would be covered as self-employed persons.

"...farmworkers who, first, are paid \$150 or more in a calendar year by one employer; or, second, perform agricultural labor for an employer on 20 or more days during the calendar year for cash wages computed on a time basis would be covered.

"...accepted the Senate provision which would exclude from coverage agricultural workers from any foreign country who are admitted to the United States on a temporary basis.

"...provides for an exclusion from coverage of persons producing or harvesting gum resin products as provided in the Senate bill." (H. Rept. 2936). p. 13530

28. ADVISORY COMMITTEE. Passed without amendment S. 3314, to authorize the Secretary of Agriculture to pay the expenses of an Advisory Committee on Soil and Water Conservation. This bill is now ready for the President. p. 13550
29. MARKETING. Passed without amendment H. R. 8384, to amend the Agricultural Marketing Agreement Act of 1937, so as to include cranberries for canning or freezing processing. p. 13551
30. MILITARY CONSTRUCTION; SURPLUS COMMODITIES. Agreed to the Senate amendments to H. R. 12270, to authorize certain construction at military installations. The bill authorizes the Secretary of Defense to use for family housing in foreign countries, foreign currencies not to exceed \$250 million acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954, or through other commodity transactions of the CCC. The Senate had passed this bill earlier in the day. This bill is now ready for the President. pp. 13346, D893
31. FISHERIES. Agreed to the conference report on S. 3275, to establish a sound and comprehensive national policy with regard to fisheries resources. p. D893
32. PERSONNEL. Both Houses received and agreed to the conference report on H. R. 7619, the executive pay and retirement bill. The conferees agreed to the salary items stated in Digest 124 (as passed by the Senate), except that they deleted the provision allocating 7 directors of CSS commodity offices at GS-16. However, they inserted a general provision for additional GS-16's so that the Civil Service Commission will be enabled to allocate the CSS positions at that grade if it determines that such grade is equitable. (H. Rept. 2935). This bill is now ready for the President. pp. 13406, 13519
Passed without amendment H. R. 11515, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. and Alaska. pp. 13486, 13559
33. FORESTRY. Rep. Hoffman received permission to file additional views on timber hearings before the Interior and Insular Affairs Committee and the Government Operations Committee. p. 13477

FEDERAL EXECUTIVE PAY, CIVIL SERVICE RETIREMENT, AND OTHER MATTERS

JULY 26, 1956.—Ordered to be printed

Mr. MURRAY of Tennessee, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H. R. 7619]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

SEC. 101. This title may be cited as "Federal Executive Pay Act of 1956".

SEC. 102. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$25,000.

- (1) *Secretary of State.*
- (2) *Secretary of the Treasury.*
- (3) *Secretary of Defense.*
- (4) *Attorney General.*
- (5) *Postmaster General.*
- (6) *Secretary of the Interior.*
- (7) *Secretary of Agriculture.*
- (8) *Secretary of Commerce.*
- (9) *Secretary of Labor.*

(10) *Secretary of Health, Education, and Welfare.*

SEC. 103. (a) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,500.*

(1) *Director of the Bureau of the Budget.*

(2) *Comptroller General of the United States.*

(3) *Director, Office of Defense Mobilization.*

(4) *Under Secretary of State.*

(5) *Deputy Secretary of Defense.*

(b) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,000.*

(1) *Secretary of the Army.*

(2) *Secretary of the Navy.*

(3) *Secretary of the Air Force.*

SEC. 104. (a) *The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$21,000.*

(1) *Commissioner of Internal Revenue.*

(2) *Director of Central Intelligence.*

(3) *Director of the Federal Bureau of Investigation.*

(4) *Administrator of the Federal Civil Defense Administration.*

(b) *Notwithstanding the provisions of subsection (a), the annual rate of basic compensation of the Director of the Federal Bureau of Investigation shall be \$22,000 so long as such office is held by the present incumbent.*

(5) *Administrator of General Services.*

(6) *Administrator of the Housing and Home Finance Agency.*

(7) *Administrator of Veterans' Affairs.*

(8) *Director of the International Cooperation Administration.*

(9) *Director of the United States Information Agency.*

(10) *Governor of the Farm Credit Administration.*

(11) *President of the Export-Import Bank of Washington.*

(12) *Under Secretary of the Treasury.*

(13) *Under Secretary of the Treasury for Monetary Affairs.*

(14) *Deputy Postmaster General.*

(15) *Under Secretary of the Interior.*

(16) *Under Secretary of Agriculture.*

(17) *Under Secretary of Commerce.*

(18) *Under Secretary of Commerce for Transportation.*

(19) *Under Secretary of Labor.*

(20) *Under Secretary of Health, Education, and Welfare.*

SEC. 105. *The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$20,500.*

(1) *Chairman, Civil Aeronautics Board.*

(2) *Chairman of the United States Civil Service Commission.*

(3) *Chairman of the Council of Economic Advisers.*

(4) *Chairman, Federal Communications Commission.*

(5) *Chairman, Board of Directors, Federal Deposit Insurance Corporation.*

(6) *Chairman of the Federal Maritime Board.*

(7) *Chairman, Federal Power Commission.*

(8) *Chairman, Board of Governors of the Federal Reserve System.*

(9) *Chairman, Federal Trade Commission.*

(10) *Chairman, Foreign Claims Settlement Commission of the United States.*

(11) *Chairman of the Federal Home Loan Bank Board.*

- (12) *Chairman, Interstate Commerce Commission.*
 - (13) *Chairman, National Labor Relations Board.*
 - (14) *Chairman, National Mediation Board.*
 - (15) *Chairman, Railroad Retirement Board.*
 - (16) *Chairman of the Renegotiation Board.*
 - (17) *Chairman, Securities and Exchange Commission.*
 - (18) *Chairman, Subversive Activities Control Board.*
 - (19) *Chairman, Board of Directors of the Tennessee Valley Authority.*
 - (20) *Chairman, United States Tariff Commission.*
 - (21) *Comptroller of the Currency.*
 - (22) *Assistant Comptroller General of the United States.*
 - (23) *Deputy Administrator of the Federal Civil Defense Administration.*
 - (24) *Deputy Administrator of Veterans' Affairs.*
 - (25) *Deputy Director of the Bureau of the Budget.*
 - (26) *Deputy Director of Central Intelligence.*
 - (27) *Deputy Director of the Office of Defense Mobilization.*
 - (28) *Deputy Director of the United States Information Agency.*
 - (29) *Deputy Under Secretary of the Department of State (3).*
 - (30) *Director of the Federal Mediation and Conciliation Service.*
 - (31) *First Vice President of the Export-Import Bank of Washington.*
- SEC. 106. (a) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$20,000.*
- (1) *Administrator, Bureau of Security and Consular Affairs, Department of State.*
 - (2) *Administrator of Civil Aeronautics.*
 - (3) *Administrator, Commodity Stabilization Service.*
 - (4) *Administrator of the Rural Electrification Administration.*
 - (5) *Administrator of the Small Business Administration.*
 - (6) *Administrator of the Saint Lawrence Seaway Development Corporation.*
 - (7) *Administrator, Wage and Hour and Public Contracts Divisions, Department of Labor.*
 - (8) *Archivist of the United States.*
 - (9) *Assistant Directors of the Bureau of the Budget (2).*
 - (10) *Assistant Postmasters General (5).*
 - (11) *Assistant Secretaries of Agriculture (3).*
 - (12) *Assistant Secretaries of Commerce (3).*
 - (13) *Assistant Secretaries of Defense (9).*
 - (14) *Assistant Secretaries of Health, Education, and Welfare (2).*
 - (15) *Assistant Secretaries of the Interior (3).*
 - (16) *Assistant Secretaries of Labor (3).*
 - (17) *Assistant Secretaries of State (10).*
 - (18) *Assistant Secretaries of the Treasury (3).*
 - (19) *Assistant Secretaries of the Air Force (4).*
 - (20) *Assistant Secretaries of the Army (4).*
 - (21) *Assistant Secretaries of the Navy (4).*
 - (22) *Associate Director of the Federal Bureau of Investigation.*
 - (23) *Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense.*
 - (24) *Commissioner, Community Facilities, Housing and Home Finance Agency.*
 - (25) *Commissioner, Federal Housing Administration.*
 - (26) *Commissioner, Public Housing Administration.*

- (27) *Commissioner, Urban Renewal Administration.*
- (28) *Counselor of the Department of State.*
- (29) *Deputy Administrator of the Housing and Home Finance Agency.*
- (30) *Deputy Administrator of General Services.*
- (31) *Director of the Administrative Office of the United States Courts.*
- (32) *Director of the Bureau of Prisons.*
- (33) *Director of the National Advisory Committee for Aeronautics.*
- (34) *Director of the National Science Foundation.*
- (35) *Director of Selective Service.*
- (36) *Fiscal Assistant Secretary of the Treasury.*
- (37) *General Counsel of the National Labor Relations Board.*
- (38) *Librarian of Congress.*
- (39) *President of the Federal National Mortgage Association.*
- (40) *Public Printer.*
- (41) *Special Assistant to the Secretary (Health and Medical Affairs),
Department of Health, Education, and Welfare.*
- (42) *Under Secretary of the Army.*
- (43) *Under Secretary of the Navy.*
- (44) *Under Secretary of the Air Force.*
- (45) *Members of boards and commissions (excluding chairmen):*
 - Civil Aeronautics Board (4).*
 - United States Civil Service Commission (2).*
 - Council of Economic Advisers (2).*
 - Board of Directors of the Export-Import Bank of Washington (3).*
 - Federal Communications Commission (6).*
 - Federal Deposit Insurance Corporation (1).*
 - Board of Governors of the Federal Reserve System (6).*
 - Federal Maritime Board (2).*
 - Foreign Claims Settlement Commission of the United States (2).*
 - Federal Power Commission (4).*
 - Federal Trade Commission (4).*
 - Federal Home Loan Bank Board (2).*
 - Interstate Commerce Commission (10).*
 - National Labor Relations Board (4).*
 - National Mediation Board (2).*
 - Railroad Retirement Board (2).*
 - Renegotiation Board (4).*
 - Securities and Exchange Commission (4).*
 - Subversive Activities Control Board (4).*
 - Board of Directors of the Tennessee Valley Authority (2).*
 - United States Tariff Commission (5).*
- (b) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$19,000.*
 - (1) *Architect of the Capitol.*
 - (2) *Assistant to the Director of the Federal Bureau of Investigation.*
 - (3) *Commissioner of the United States Court of Claims (12).*
 - (4) *Governor of Alaska.*
 - (5) *Governor of the Canal Zone.*
 - (6) *Governor of Guam.*
 - (7) *Governor of Hawaii.*
 - (8) *Governor of the Virgin Islands.*
 - (9) *Legal adviser, solicitor, or general counsel of an executive or military department (excluding the Department of Justice).*
- (c) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$18,000 per annum.*

(1) *Commissioner of the Indian Claims Commission (3).*

SEC. 107. (a) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,500.*

(1) *Administrator, Agricultural Research Service, Department of Agriculture.*

(2) *Administrator, Bonneville Power Administration.*

(3) *Administrator, Farmers' Home Administration.*

(4) *Administrator, Soil Conservation Service, Department of Agriculture.*

(5) *Assistant Architect of the Capitol.*

(6) *Assistant Director of the Administrative Office of the United States Courts.*

(7) *Associate Director of the Federal Mediation and Conciliation Service.*

(8) *Chief Assistant Librarian of Congress.*

(9) *Chief Forester of the Forest Service, Department of Agriculture.*

(10) *Chief of Staff of the Joint Committee on Internal Revenue Taxation.*

(11) *Commissioner of Customs.*

(12) *Commissioner, Federal Supply Service, General Services Administration.*

(13) *Commissioner of Immigration and Naturalization.*

(14) *Commissioner of Narcotics.*

(15) *Commissioner, Public Buildings Service.*

(16) *Commissioner of Public Roads.*

(17) *Commissioner of Reclamation.*

(18) *Commissioner of Social Security.*

(19) *Deputy Administrator of the Saint Lawrence Seaway Development Corporation.*

(20) *Deputy Commissioner, Internal Revenue Service.*

(21) *Deputy Public Printer.*

(22) *Manager, Federal Crop Insurance Corporation, Department of Agriculture.*

(b) *The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,000 per annum.*

(1) *Deputy Administrator, Small Business Administration (3).*

(2) *Treasurer of the United States.*

SEC. 108. *Except as otherwise specifically provided in this title, the chairman or other head of each independent board or commission in the executive branch shall receive, during the period of his service as chairman or other head of such board or commission, annual basic compensation at a rate which is \$500 more than the annual rate of basic compensation prescribed by this title for the other members of such board or commission.*

SEC. 109. *Section 105 of title 3 of the United States Code is amended to read as follows:*

"§ 105. *Compensation of secretaries and executive, administrative, and staff assistants to President.*

"The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of eight other secretaries or other immediate staff assistants in the White House Office, as follows: Two at rates not exceeding \$22,500 per annum, three at rates not exceeding \$21,000 per annum, seven at rates not exceeding \$20,000 per annum, and three at rates not exceeding \$17,500 per annum."

SEC. 110. (a) The Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$20,000 per annum in addition to such allowances.

(b) The Deputy Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$19,000 per annum in addition to such allowances.

(c) The Director, National Institutes of Health, the Chief, Bureau of Medical Services, and the Chief, Bureau of State Services, of the Public Health Service, shall each receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$17,500 per annum in addition to such allowances.

SEC. 111. The annual compensation for each of the offices established by section 1 (d) of Reorganization Plan Numbered 7 of 1953, effective August 1, 1953 (67 Stat. 639) shall be established by the Secretary of State at a rate not more than \$19,000.

SEC. 112. Section 2 of Public Law 565, Seventy-ninth Congress, approved July 30, 1946 (60 Stat. 712), is amended by striking out "\$12,000" and inserting in lieu thereof "\$15,000".

SEC. 113. Section 527 (b) of the Mutual Security Act of 1954, approved August 26, 1954 (Public Law 665, Eighty-third Congress (68 Stat. 832)) is amended by striking out "\$15,000 per annum" and inserting in lieu thereof "\$19,000 per annum".

SEC. 114. (a) The compensation schedule for the General Schedule contained in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out:

"GS-17 -----	13,975	14,190	14,405	14,620
GS-18 -----	14,800"			

and inserting in lieu thereof:

"GS-17 -----	13,975	14,190	14,405	14,620	14,835
GS-18 -----	16,000'.				

(b) The rates of basic compensation of officers and employees to whom this section applies shall be initially adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a scheduled rate of grade 17 or 18 of the General Schedule, he shall receive a rate of basic compensation at the corresponding scheduled rate in effect on and after such date;

(2) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate between two scheduled rates of such grade, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date;

(3) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate which is in excess of the maximum scheduled rate of his grade as provided in this section, he shall continue to receive such higher rate of basic compensation until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but when such position becomes vacant, the rate of basic com-

pensation of any subsequent appointee thereto shall be fixed in accordance with such Act, as amended.

SEC. 115. The Postal Field Service Schedule in section 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th Congress), is amended by striking out:

"18-----	12,500	12,800	13,100	13,400	13,700	14,000	14,300
19-----	13,600	13,900	14,200	14,500	14,800		
20-----	14,800"						

and inserting in lieu thereof:

"18-----	12,800	13,100	13,400	13,700	14,000	14,300	14,600
19-----	14,000	14,300	14,600	14,900	15,200		
20-----	16,000".						

SEC. 116. Section 3 of the Act of January 3, 1946, as amended (38 U. S. C. 15b), is hereby amended as follows:

(a) The last sentence of section 3 (b) is amended to read: "During the period of his service as such, the Chief Medical Director shall be paid a salary of \$17,800 a year."

(b) The last sentence of section 3 (c) is amended to read: "During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of \$16,800 a year."

(c) That portion of section 3 (d) which precedes the proviso is amended to read: "Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of \$15,800."

SEC. 117. (a) The first section of the Act approved August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth Congress), as amended, relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in certain departments and agencies, is amended by striking out "\$10,000" and "\$15,000" and inserting in lieu thereof "\$12,500" and "\$19,000", respectively.

(b) Section 208 (g) of the Public Health Service Act, as amended (42 U. S. C. 210 (g)), relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in the Public Health Service is amended by striking out "\$10,000" and "\$20,000" and inserting in lieu thereof "\$12,500" and "\$19,000", respectively.

SEC. 118. The salary amendments contained in section 116 shall not affect the authority of the Civil Service Commission or the procedure for fixing the pay of individual officers or employees under the statutes therein amended; except that the existing rate of basic compensation of any officer or employee to whom such section applies which is less than a rate of \$12,500 per annum shall be increased to such rate on the effective date of this title.

SEC. 119. Section 12 of the Act of May 29, 1884, as amended (21 U. S. C. 113a), relating to salary limitation on technical experts or scientists for research and study of foot-and-mouth disease and other animal diseases, is hereby amended by striking out "\$15,000" and inserting in lieu thereof "\$19,000".

SEC. 120. This title shall take effect at the beginning of the first pay period commencing after June 30, 1956.

TITLE II—PROVISIONS RELATING TO ORGANIZATION OF CIVIL SERVICE COMMISSION

SEC. 201. (a) *The first section of the Act entitled "An Act to regulate and improve the civil service of the United States", approved January 16, 1883, as amended (5 U. S. C., sec. 632), is amended by inserting immediately after the first paragraph thereof a paragraph as follows:*

"The term of office of each such Commissioner shall be six years, except that (1) the terms of office of the Commissioners holding office on the effective date of this paragraph (including the term of office of an individual appointed to fill any vacancy in the Commission existing on such effective date) shall expire, as designated by the President, one at the end of two years, one at the end of four years, and one at the end of six years, after such effective date; (2) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term of his predecessor shall be appointed for the remainder of such term; and (3) upon the expiration of his term of office a Commissioner may continue to serve until his successor is appointed and has qualified."

(b) *Such first section of such Act of January 16, 1883, is further amended by adding at the end thereof the following paragraph:*

"In addition to designating a Chairman of the Commission from time to time, pursuant to section 1 of Reorganization Plan Numbered 5 of 1949, the President shall from time to time designate one of the Commissioners, as Vice Chairman of the Commission. During the absence or disability of the Commissioner designated as Chairman, or in the event of a vacancy in the office of such Commissioner, the Commissioner designated as Vice Chairman shall perform those functions of the Chairman which were transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of such Reorganization Plan. During the absence or disability of both the Commissioner designated as Chairman and the Commissioner designated as Vice Chairman, or in the event of vacancies in the offices of both such Commissioners, the remaining Commissioner shall perform such functions. During the absence or disability of all three Commissioners, or in the event of vacancies in the offices of all three Commissioners, the Executive Director shall perform such functions; but the Executive Director shall at no time sit as a member or acting member of the Commission."

SEC. 202. (a) *This section and section 201 (b) shall take effect on the date of enactment of this Act.*

(b) *Section 201 (a) shall take effect on March 1, 1957.*

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. (a) *The President shall hereafter appoint, by and with the advice and consent of the Senate, a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, and a General Counsel of the Department of Health, Education, and Welfare.*

(b) *The existing office of Solicitor of the Post Office Department and the existing offices of General Counsel of the Department of Agriculture and the Department of Health, Education, and Welfare shall be abolished effective upon the appointment and qualification of the General Counsels of such respective departments provided for by subsection (a) or April 1, 1957, whichever is earlier.*

SEC. 302. *The positions of three Deputy Administrators of the Agricultural Research Service, Department of Agriculture, shall be in grade*

GS-18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505 (b) of such Act.

TITLE IV—CIVIL SERVICE RETIREMENT

SEC. 401. *The Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:*

“DEFINITIONS

“SECTION 1. *Wherever used in this Act—*

“(a) *The term ‘employee’ shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this Act applies.*

“(b) *The term ‘Member’ shall mean the Vice President, a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico, and, except for purposes of section 2, shall mean a Member to whom this Act applies.*

“(c) *The term ‘congressional employee’ means an employee of the Senate or House of Representatives or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, a member of the Capitol Police force, an employee of the Vice President if such employee’s compensation is disbursed by the Secretary of the Senate, and an employee of a Member if such employee’s compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.*

“(d) *The term ‘basic salary’ shall not include bonuses, allowances, overtime pay, military pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: Provided, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term ‘basic salary’ shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made therefor as provided in section 4.*

“(e) *The term ‘average salary’ shall mean the largest annual rate resulting from averaging, over any period of five consecutive years of creditable service, or at a Member’s option over all periods of Member service subsequent to the date of enactment of the Legislative Reorganization Act of 1946 used in the computation of an annuity under this Act, a Member’s or an employee’s rates of basic salary in effect during such period, with each rate weighted by the time it was in effect.*

“(f) *The term ‘fund’ shall mean the civil service retirement and disability fund created by the Act of May 22, 1920.*

“(g) *the terms ‘disabled’ and ‘disability’ shall mean totally disabled for useful and efficient service in the grade or class of position last occu-*

pied by the employee or Member by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the five years next prior to becoming so disabled.

"(h) The term 'widow', for purposes of section 10, shall mean the surviving wife of an employee or Member who was married to such individual for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(i) The term 'widower', for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least two years immediately preceding her death or is the father of issue by such marriage. The term 'dependent widower', for purposes of section 10, shall mean a 'widower' who is incapable of self-support by reason of mental or physical disability, and who received more than one-half his support from such employee or Member.

"(j) The term 'child', for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support.

"(k) the term 'Government' shall mean the executive, judicial, and legislative branches of the United States Government, including Government-owned or controlled corporations and Gallaudet College, and the municipal government of the District of Columbia.

"(l) The term 'lump-sum credit' shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956 or, in the case of an employee separated or transferred to a position not within the purview of this Act before he has completed five years of civilian service or a Member separated before he has completed five years of Member service, to the date of the separation or transfer. The lump-sum credit shall not include interest if the service covered thereby aggregates one year or less, nor shall it include interest for the fractional part of a month in the total service.

"(m) The term 'Commission' shall mean the United States Civil Service Commission.

"(n) The term 'annuitant' shall mean any former employee or Member who, on the basis of his service, has met all requirements of the Act for title to annuity and has filed claim therefor.

"(o) The term 'survivor' shall mean a person who is entitled to annuity under this Act based on the service of a deceased employee or Member or of a deceased annuitant.

"(p) The term 'survivor annuitant' shall mean a survivor who has filed claim for annuity.

"(q) The term 'service' shall mean employment which is creditable under section 3.

"(r) The term 'military service' shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States.

"(s) The term 'Member service' shall mean service as a Member and shall include the period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as a Member.

"COVERAGE

"SEC. 2. (a) This Act shall apply to each employee and Member, except as hereinafter provided.

"(b) This Act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.

"(c) This Act shall not apply to any Member or to any congressional employee until he gives notice in writing to the officer by whom his salary is paid of his desire to come within the purview of this Act.

"(d) This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing to the officer by whom his salary is paid of his desire to come within the purview of this Act.

"(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent.

"(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code, or to construction employees or any other temporary, part-time, or intermittent employees of the Tennessee Valley Authority; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

"(g) Notwithstanding any other provision of law or any Executive order, this Act shall apply to each United States Commissioner whose total compensation for services rendered as United States Commissioner is not less than \$3,000 in each of the last three consecutive calendar years (1) ending prior to the effective date of the Civil Service Retirement Act Amendments of 1956 or (2) ending prior to the first day of any calendar year which begins after such effective date. For the purposes of this Act, the employment and compensation of each such United States Commissioner coming within the purview of this Act pursuant to this subsection shall be held and considered to be on a daily basis when actually employed; but nothing in this Act shall affect, otherwise than for the purposes of this Act, the basis, under applicable law other than this Act, on which such United States Commissioner is employed or on which his compensation is determined and paid.

"CREDITABLE SERVICE

"SEC. 3. (a) An employee's service for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sani-

tary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

“(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee or Member is awarded retired pay on account of military service, his military service shall not be included, unless such retired pay is awarded on account of a service-connected disability (1) incurred in combat with an enemy of the United States or (2) caused by an instrumentality of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1 (a), part I, paragraph I, or is awarded under title III of Public Law 810, Eightieth Congress, except that for purposes of section 9 (c) (1), a Member (A) shall be allowed credit only for periods of military service not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (B) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

“(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

“(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act: Provided, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

“(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

“(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

“(g) An employee or Member must have, within the two-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. If any employee or Member, other than an employee or Member separated from the service by reason of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his salary during his period of service for which no eligibility for annuity is established based on such separation shall be returned to him upon such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

“(h) An employee who (1) has at least five years’ Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

“(i) In the case of each United States Commissioner who comes within the purview of this Act pursuant to section 2 (g) of this Act, service rendered prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956 as United States Commissioner shall be credited for the purposes of this Act on the basis of one three-hundred-and-thirteenth of a year for each day on which such United States Commissioner renders service in such capacity and which is not credited for the purposes of this Act for service performed by him in any capacity other than United States Commissioner. Such credit shall not be granted for service rendered as United States Commissioner for more than three hundred and thirteen days in any one year.

“(j) Notwithstanding any other provision of this section, any military service (other than military service covered by military leave with pay from a civilian position) performed by an individual after December 1956 shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual’s wages and self-employment income. If in the case of the individual or widow such military service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits

“DEDUCTIONS AND DEPOSITS

“SEC. 4. (a) From and after the first day of the first pay period which begins on or after the effective date of the Civil Service Retirement Act Amendments of 1956 there shall be deducted and withheld from each employee’s basic salary an amount equal to 6½ per centum of such basic salary and from each Member’s basic salary an amount equal to 7½ per centum of such basic salary. From and after the first day of the first pay period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section. Amounts contributed under

this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.

"(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee-----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to October 31, 1956
	6½-----	After October 31, 1956
Member for Member service--	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946, to October 31, 1956
	7½-----	After October 31, 1956

"(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this Act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

"(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually. Such deposit may be made in one or more installments.

"(f) Under such regulations as may be prescribed by the Commission, amounts deducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

"(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

"MANDATORY SEPARATION

"SEC. 5. (a) Except as hereinafter provided, an employee who shall have attained the age of seventy years and completed fifteen years of service shall be automatically separated from the service. Such separation shall be effective on the last day of the month in which such employee attains the age of seventy years or completes fifteen years of service if then beyond such age, and all salary shall cease from that day.

"(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least sixty days in

advance thereof: *Provided, That subsection (a) shall not take effect without the consent of the employee until sixty days after he has been so notified.*

"(c) *The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.*

"(d) *The automatic separation provisions of this section shall not apply to any person named in any Act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, to the Architect of the Capitol or any employee under the office of the Architect of the Capitol, or to any employee in the judicial branch who has been appointed to hold office for a definite term of years.*

"(e) *In the case of an employee of The Alaska Railroad, Territory of Alaska, or an employee who is a citizen of the United States employed on the Isthmus of Panama by the Panama Canal Company or the Canal Zone Government, the provisions of this section shall apply upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama or in the Territory of Alaska.*

"IMMEDIATE RETIREMENT

"SEC. 6. (a) *Any employee who attains the age of sixty years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.*

"(b) *Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.*

"(c) *Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of fifty years and completes twenty years of service in the performance of such duties, may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retire from the service and be paid an annuity computed as provided in section 9. The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee. The word 'detention', as used in this subsection, shall be construed to include the duties of—*

"(1) *all employees of the Bureau of Prisons and Federal Prison Industries, Incorporated,*

"(2) *all employees of the Public Health Service assigned to the field service of the Bureau of Prisons or to the field service of Federal Prison Industries, Incorporated,*

"(3) *all civilian employees employed in the field services at Army or Navy disciplinary barracks or at confinement and rehabilitation facilities operated by any of the United States armed services, and*

"(4) *all employees of the Department of Corrections of the District of Columbia, its industries and utilities, whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States or of the District of Columbia or offenses against the punitive articles of the Uni-*

form Code of Military Justice require frequent (as determined by the appropriate administrative authority with the concurrence of the Commission) direct contact with such persons in the detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation of such persons.

"(d) Any employee who completes twenty-five years of service or who attains the age of fifty years and completes twenty years of service shall upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

"(e) Any employee who attains the age of sixty-two years and completes five years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(f) Any Member who attains the age of sixty-two years and completes five years of Member service, or who attains the age of sixty years and completes ten years of Member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. Any Member who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9. Any Member who completes twenty-five years of service, or who attains the age of fifty years and completes twenty years of service, shall, upon separation from the service (other than separation by resignation or expulsion), be paid a reduced annuity computed as provided in section 9. No Member or survivor of a Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of Member service.

"DISABILITY RETIREMENT

"SEC. 7. (a) Any employee who completes five years of civilian service and who is found by the Commission to have become disabled shall, upon his own application or upon application by his department or agency, be retired on an annuity computed as provided in section 9. Any Member who completes five years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

"(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to separation of the employee or Member from the service or within one year thereafter. This time limitation may be waived by the Commission for an individual who at the date of separation from service or within one year thereafter is mentally incompetent, if the application is filed with the Commission within one year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

"(c) Each annuitant retired under this section or under section 6 of the Act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

“(d) If such annuitant, before reaching age sixty, recovers from his disability or is restored to an earning capacity fairly comparable to the current rate of compensation of the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) one year from the date of the medical examination showing such recovery or (3) one year from the date of determination that he is so restored, whichever is earliest. Earning capacity shall be deemed restored if in each of two succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 per centum of the current rate of compensation of the position occupied immediately prior to retirement.

“(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this Act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this Act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provision of this Act.

“(f) No person shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision in such Act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this Act on account of service rendered by him, or deny any concurrent benefit to such person under such Act of September 7, 1916, as amended, on account of the death of any other person.

“(g) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

“DEFERRED RETIREMENT

“SEC. 8. (a) Any employee who is separated from the service or transferred to a position not within the purview of this Act after completing

five years of civilian service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

"(b) Any Member who on or after January 1, 1956, has been or is separated from the service as a Member after completing five years of Member service may hereafter be paid an annuity beginning at the age of sixty-two years, computed as provided in section 9. Any Member who is separated from the service after completing ten or more years of Member service may be paid an annuity beginning at the age of sixty years, computed as provided in section 9.

"COMPUTATION OF ANNUITY

"SEC. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring under this Act shall be (1) the larger of (A) 1½ per centum of the average salary multiplied by so much of the total service as does not exceed five years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as does not exceed five years, plus (2) the larger of (A) 1¼ per centum of the average salary multiplied by so much of the total service as exceeds five years but does not exceed ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds five years but does not exceed ten years, plus (3) the larger of (A) 2 per centum of the average salary multiplied by so much of the total service as exceeds ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds ten years: Provided, That the annuity shall not exceed 80 per centum of the average salary: Provided further, That the annuity of an employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

"(b) The annuity of a congressional employee retiring under this Act shall, if he so elects at the time his annuity commences, be (1) 2½ per centum of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of fifteen years, plus (2) 1½ per centum of the average salary multiplied by so much of the remainder of his total service as does not exceed five years, plus (3) 1¼ per centum of the average salary multiplied by so much of the remainder of his total service as exceeds five years but does not exceed ten years, plus (4) 2 per centum of the average salary multiplied by so much of the remainder of his total service as exceeds ten years: Provided, That the annuity shall not exceed 80 per centum of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least five years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit covering his last five years of civilian service, and (3) has served as a congressional employee during the last eleven months of his civilian service: Provided further, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(c) The annuity of a Member retiring under this Act shall be an amount equal to—

"(1) $2\frac{1}{2}$ per centum of the average salary multiplied by the total of his Member and creditable military service;

"(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude;

"(3) $1\frac{1}{2}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as does not exceed five years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude;

"(4) $1\frac{3}{4}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds five years but does not exceed ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude; and

"(5) 2 per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 80 per centum of the basic salary that he is receiving at the time of such separation from the service, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d) or a Member retiring under the first or second sentence of section 6 (f), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee or member is under the age of sixty years at date of separation.

"(e) The annuity of an employee retiring under section 6 (c) shall be 2 per centum of the average salary multiplied by the total service: Provided, That the annuity shall not exceed 80 per centum of the average salary.

"(f) The annuity as hereinbefore provided shall be reduced by 10 per centum of any deposit described in section 4 (c) remaining unpaid, unless the employee or Member shall elect to eliminate the service involved for purposes of annuity computation.

"(g) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (1). The annuity of the employee or Member making such election, excluding any increase because of retirement under section 7, shall be reduced by $2\frac{1}{2}$ per centum of so much of the portion thereof designated under section 10 (a) (1) as does not exceed \$2,400 and by 10 per centum of so much of the portion so designated as exceeds \$2,400.

"(h) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of

retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 per centum of an annuity computed as provided in section 9 and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

"(i) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Commission or The Alaska Railroad in the Territory of Alaska between March 12, 1914, and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

"SURVIVOR ANNUITIES

"SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a wife or husband designated under section 9 (g) such wife or husband shall be paid an annuity equal to 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, as is designated in writing for such purpose by such Member or employee at the time he makes the election provided for by section 9 (g).

"(2) An annuity computed under this subsection shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

"(b) The annuity of a survivor designated under section 9 (h) shall be 50 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death.

"(c) If an employee dies after completing at least five years of civilian service, or a Member dies after completing at least five years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 per centum of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or Member dies, and such annuity, or any right thereto shall terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

"(d) If an employee dies after completing five years of civilian service or a Member dies after completing five years of Member service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per

centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.

"(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to one-half of the deferred annuity of such Member beginning the first day of the month following the death of such Member and terminating upon the death or remarriage of such surviving wife or husband or (2) may elect to receive a lump-sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

"LUMP-SUM BENEFITS

"SEC. 11. (a) Any employee or Member who is separated from the service, or is transferred to a position wherein he does not continue subject to this Act, shall be paid the lump-sum credit provided his separation or transfer occurs and application for payment is filed with the Commission at least thirty-one days before the earliest commencing date of any annuity for which he is eligible. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act. This subsection shall also apply to any employee or Member separated prior to the effective date of the Civil Service Retirement Act Amendments of 1956 after completing at least twenty years of civilian service.

"(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

"(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death;

"Second, if there be no such beneficiary, to the widow or widower of the employee or Member;

"Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation;

"Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member;

"Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

"(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

"(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

"(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

"(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

" ADDITIONAL ANNUITIES

"SEC. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 per centum of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unrefunded contributions, plus interest at 3 per centum per annum compounded annually to date of separation or transfer to a position not within the purview of this Act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death, whichever is earlier.

"(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of fifty-five years at the date of retirement.

"(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50

per centum of his reduced additional annuity. The additional annuity of the employee or Member making such election shall be reduced by 10 per centum, and by 5 per centum for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

“(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this Act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the commencing date of annuity.

“(e) If any present or former employee or Member not retired dies, the voluntary contribution accounts shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the difference shall be paid under the provisions of section 11 (c).

“REEMPLOYMENT OF ANNUITANTS

“SEC. 13. (a) Notwithstanding any other provision of law, an annuitant heretofore or hereafter retired under this Act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

“(b) If an annuitant under this Act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, (2) an annuitant whose annuity was based upon an involuntary separation from the service, excluding a separation under the automatic separation provisions of this Act, or (3) a Member retired under this Act) hereafter becomes employed, or on the date of enactment of the Civil Service Retirement Act Amendments of 1956 is serving, in an appointive or elective position, his service on and after the date he was or is so employed shall be covered by this Act. No deductions for the fund shall be withheld from his salary, but there shall be deducted from his salary, except for lump-sum leave payment purposes under the Act of December 21, 1944, a sum equal to the annuity allocable to the period of actual employment, and this provision concerning the lump-sum leave payments shall also be effective in the case of each retired employee separated from reemployment after December 15, 1953, and before the effective date of the Civil Service Retirement Act Amendments of 1956: Provided, That if such annuitant serves on a full-time basis for at least one year in employment not excluding him under section 2 (b) from coverage, (1) his annuity upon termination of employment shall be increased by an annuity computed under subsections (a), (b), (d), (e), and (f) of section 9 as may apply based upon the period of and the basic salary (before deduction) averaged during such employment, and (2) his lump-sum credit shall not be reduced by annuity paid during such employment. The employment of an annuitant under this subsection shall not operate to create an annuity for or in any manner affect the annuity of any survivor.

“(c) If a Member heretofore or hereafter retired under this Act hereafter becomes employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: Provided, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his service as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity: Provided further, That this subsection shall not apply to a Member appointed by the President of the United States to a position not requiring confirmation by the Senate.

“PAYMENT OF BENEFITS

“SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

“(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age or disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence on the day following the day on which salary shall cease provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an employee or Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

“(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this Act occurs.

“(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect.

“(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: Provided, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who in the judgment of the Commission is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person.

“EXEMPTION FROM LEGAL PROCESSES

“SEC. 15. (a) None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

“(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this Act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there

be any withholding of recovery of any moneys mentioned in this Act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

“ ADMINISTRATION

“SEC. 16. (a) This Act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect.

“(b) Applications under this Act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this Act.

“(c) Questions of dependency and disability arising under this Act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this Act, and may suspend or deny any such annuity for failure to submit to any such examination.

“(d) An appeal to the Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be prescribed by the Commission.

“(e) Fees for examinations made under the provisions of this Act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this Act.

“(f) The Commission shall publish an annual report upon the operations of this Act and shall include in each such report a statement with respect to the status of the fund on a normal cost plus interest basis.

“(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters referred to it by the Commission, and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of five years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such

members as are in the employ of the United States, shall be fixed by the Commission.

"CIVIL SERVICE RETIREMENT AND DISABILITY FUND

"SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act.

"(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

"(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

"(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

"(e) The Commission shall submit estimates of the appropriations necessary to finance the fund on a normal cost plus interest basis and to continue this Act in full force and effect.

"SHORT TITLE

"SEC. 18. This Act may be cited as the 'Civil Service Retirement Act'."

MEMBERS OF FACULTY OF NAVAL ACADEMY

SEC. 402. (a) On and after the effective date of this title persons employed as members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School shall be included within the terms of the Civil Service Retirement Act, and on and after that date the Act of January 16, 1936 (49 Stat. 1092), as amended, shall not apply to such persons.

(b) In lieu of the deposit prescribed by section 4 (c) of the Civil Service Retirement Act, an employee who by virtue of subsection (a) is included within the terms of such Act shall deposit, for service rendered prior to the effective date of this title as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Post-

graduate School, a sum equal to so much of the repurchase price of his annuity policy carried as required by the Act of January 16, 1936, as amended, as is based on the monthly allotments which were registered with the Navy Allotment Office toward the purchase of that annuity, the deposit to be made within six months after the effective date of this title. Should the deposit not be made within that period no credit shall be allowed under the Civil Service Retirement Act for service rendered as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School subsequent to July 31, 1920, and prior to the effective date of this title. If the deposit is made, such service shall be held and considered to be service during which the employee was subject to the Civil Service Retirement Act.

CONTINUATION OF PRIOR RIGHTS

SEC. 403. Except as otherwise provided, the amendments made by this title shall not apply in the case of employees or Members retired or otherwise separated prior to its effective date, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted. In the case of any Member heretofore separated with title to an annuity under the Act of May 29, 1930, as amended, the annuity of such Member and of any survivor of such Member shall be computed, and shall be paid only from and after the effective date of this title, as if the Act of August 11, 1955 (69 Stat. 692), had been in effect on the date of the separation of such Member.

VICE PRESIDENT

SEC. 404. In the case of any person holding the office of Vice President on the effective date of this title, service performed in such office shall be considered service during which he was subject to the Civil Service Retirement Act for the purpose of section 3 (g) thereof.

FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUTSIDE UNITED STATES TO AVOID PROSECUTION

SEC. 405. The Act entitled "An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (68 Stat. 1142), is amended by adding at the end of section 2 thereof a new subsection as follows:

"(c) In any case in which, after the date of enactment of this subsection, any person under indictment for any offense within the purview of the first section of this Act wilfully remains outside the United States, its Territories, and possessions, for a period in excess of one year with knowledge of such indictment, no annuity or retired pay shall be paid, for any period subsequent to the end of such one-year period to such person or to the survivor or beneficiary of such person, on the basis of the service of such person, as an officer or employee of the Government unless and until a nolle prosequi to the entire indictment is entered upon the record or such person returns and thereafter the indictment is dismissed or after trial by court the accused is found not guilty of the offense or offenses charged in the indictment."

EFFECTIVE DATE

SEC. 406. This title shall take effect on the first day of the first month which begins more than sixty days after the date of enactment of this Act.

SHORT TITLE

SEC. 407. This title may be cited as the "Civil Service Retirement Act Amendments of 1956."

TITLE V—ADDITIONAL SCIENTIFIC AND PROFESSIONAL POSITIONS

SEC. 501. (a) Subsections (a) and (b) of the first section of the Act of August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth Congress), as amended, are amended to read as follows: "(a) the Secretary of Defense is authorized to establish and fix the compensation for not more than one hundred and twenty positions in the Department of Defense and not more than twenty-five positions in the National Security Agency, each such position being established to effectuate those research and development functions, relating to the national defense, military and naval medicine, and any and all other activities of the Department of Defense and the National Security Agency, as the case may be, which require the services of specially qualified scientific or professional personnel.

"(b) The Chairman of the National Advisory Committee for Aeronautics is authorized to establish and fix the compensation for, in the headquarters and research stations of the National Advisory Committee for Aeronautics, not to exceed thirty positions in the professional and scientific service, each such position being established in order to enable the National Advisory Committee for Aeronautics to secure and retain the services of specially qualified personnel necessary in the discharge of the duty of the Committee to supervise and direct the scientific study of the problems of flight with a view to their practical solution."

(b) Nothing contained in the amendment made to such Act of August 1, 1947, by subsection (a) of this section shall affect any position existing under authority of subsection (a) of the first section of such Act of August 1, 1947, as in effect immediately prior to the effective date of such amendment, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is taken under authority of subsection (a) of such first section of such Act of August 1, 1947, as contained in the amendment made by subsection (a) of this section.

SEC. 502. Section 505 (b) of the Classification Act of 1949, as amended (69 Stat. 179; 5 U. S. C., sec. 1105), is amended to read as follows:

"(b) Subject to subsections (c), (d), and (e) of this section, a majority of the Civil Service Commissioners are authorized to establish and, from time to time, revise the maximum numbers of positions (not to exceed twelve hundred and twenty-six) which may be in grades 16, 17, and 18 of the General Schedule at any one time, except that under such authority such maximum number of positions shall not exceed three hundred and twenty-nine for grade 17 and one hundred and thirty for grade 18."

SEC. 503. (a) The United States Civil Service Commission, the Librarian of Congress, the Comptroller General of the United States, and the Director of the Federal Bureau of Investigation of the Department of Justice, respectively, with respect to those positions within the purview of subsec-

tions (b), (c), (d), and (e), respectively, of section 505 of the Classification Act of 1949, as amended, and the appropriate authority, with respect to those positions under jurisdiction of such authority which are allocated to or placed in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949, as amended (including such positions so allocated or placed on a temporary or present incumbency basis), under any provision of law (including any reorganization plan) other than the above-specified subsections, which is in effect on or after the date of enactment of this subsection, shall submit, so long as such provision of law or reorganization plan remains in effect, to the Congress, not later than February 1 of each year, a report which sets forth—

(1) the total number of such positions allocated to or placed in all of such grades during the immediately preceding calendar year, the total number of such positions allocated to or placed in each of such grades during such immediately preceding calendar year, and the total number of such positions in existence during such immediately preceding calendar year and the grades to or in which such total number of positions in existence are allocated or placed,

(2) the name, rate of compensation, and description of the qualifications of each incumbent of each such position, together with the position title and a statement of the duties and responsibilities performed by each such incumbent,

(3) the position or positions in or outside the Federal Government held by each such incumbent, and his rate or rates of compensation, during the five-year period immediately preceding the date of appointment of each such incumbent to such position, and

(4) such other information as the Commission, officer, or other appropriate authority submitting such report may deem appropriate or which may be required by the Congress or a committee thereof.

Nothing contained in this subsection shall require the resubmission of any information required under paragraphs (2) and (3) of this subsection which has been reported pursuant to this subsection and which remains unchanged.

(b) In any instance in which the Commission, officer, or other appropriate authority so required to submit such report may find full public disclosure of any or all of the above-specified items to be detrimental to the national security, such Commission, officer, or authority is authorized—

(1) to omit in such annual report those items with respect to which full public disclosure is found to be detrimental to the national security,

(2) to inform the Congress of such omission, and

(3) at the request of any congressional committee to which such report is referred, to present all information concerning such items.

And the Senate agree to the same.

TOM MURRAY,
EDWARD H. REES,
JAMES H. MORRISON,

Managers on the Part of the House.

OLIN D. JOHNSTON,
JOHN O. PASTORE,
FRANK CARLSON,
WILLIAM E. JENNER,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment and that the Senate agree to the same.

The conference substitute consists of five titles:

- (1) Title I. Executive Pay
- (2) Title II. Terms of Civil Service Commissioners and Succession to Duties of Chairman
- (3) Title III. Miscellaneous Provisions
- (4) Title IV. Civil Service Retirement
- (5) Title V. Scientific and Professional Positions

The House bill related only to executive pay.

TITLE I. EXECUTIVE PAY

Title I of the conference substitute establishes salary levels for Cabinet officers, sub-Cabinet officers, and other executives of the Federal Government generally conforming to the salary levels for such officials provided by the bill as passed by the House. The salary levels for Cabinet officers (\$25,000), for the Under Secretary of State, the Deputy Secretary of Defense, the Director, Office of Defense Mobilization, the Director, Bureau of the Budget, and the Comptroller General (\$22,500), and for the Secretaries of the Army, Navy, and Air Force (\$22,000), are the same as in the House bill.

Principal differences in the conference substitute and the bill as passed by the House are: (1) Chairmen of major boards and commissions are in salary level \$20,500 under the conference substitute, compared to levels of \$19,500 and \$20,000 in the House bill and (2) Assistant Secretaries of executive and military departments (including Assistant Postmasters General), administrators of certain bureaus and agencies, and members of major boards and commissions are placed in the \$20,000 salary level under the conference substitute, compared to a salary level of \$19,000 in the House bill. The salaries of governors of Territories and possessions are placed at \$19,000 under the conference substitute.

The conference substitute establishes a proper alinement between salaries of Cabinet officers, sub-Cabinet officers, and the heads of the

various agencies, independent establishments, and bureaus in accordance with the level of the duties and responsibilities of such positions.

The Senate amendment provided for the establishment of specified numbers of administrative assistants and other secretaries or immediate staff assistants in the White House Office. The conferees on the part of the House agreed to the total number of such positions as contained in the Senate amendment, and the conference substitute approves such positions without regard to the assignment and distribution thereof.

In accordance with the bill as passed by the House, the conference substitute increases the maximum salaries under the Classification Act of 1949 (grade GS-18) and under the Postal Field Service Compensation Act of 1955 (salary level 20) from \$14,800 to \$16,000, with appropriate adjustments in salary steps for the immediate lower grade and levels provided in those acts. Maximum salaries for chief medical officers and assistants in the Veterans' Administration are increased, under the conference substitute and the bill as passed by the House, to maintain the existing relationship between such salaries and the salaries of other Government officials and of classified and postal field service positions.

TITLE II. TERMS OF CIVIL SERVICE COMMISSIONERS AND SUCCESSION TO DUTIES OF CHAIRMAN

Title II of the conference substitute establishes 6-year, staggered terms of office for United States Civil Service Commissioners; provides for designation by the President of a Vice Chairman of the Commission; and provides a line of succession to perform the duties and responsibilities of the Chairman of the Civil Service Commission by the Vice Chairman, in the absence of the Chairman, and by the other member of the Commission in the absence of the Chairman and Vice Chairman. The bill as passed by the House contained no such provision. However, this provision of the conference substitute is identical to the recommendation of the House committee in House Report No. 1844 with respect to the terms of office of Civil Service Commissioners and succession to the responsibilities of Chairman of the Commission in his absence.

TITLE III. MISCELLANEOUS PROVISIONS

Title III of the conference substitute provides for the appointment by the President, by and with the advice and consent of the Senate, of a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, and a General Counsel of the Department of Health, Education, and Welfare to replace the existing offices of the chief legal officers of such Departments, which will be abolished. The House bill contained no such provision.

The Senate amendment authorized the Director of the Administrative Office of the United States Courts to place a total of 4 positions in grade GS-18 of the general schedule of the Classification Act of 1949, and provided that the positions of 7 directors of commodity offices, Commodity Stabilization Service, Department of Agriculture, shall be in grade GS-16 of such schedule. The bill as passed by the House contained no such provisions. The conference substitute does not contain such provisions, but increases by 11 positions the total

number of supergrade positions which a majority of the Civil Service Commissioners are authorized to place in appropriate grades of the general schedule. It is the understanding of the committee on conference that the Civil Service Commission will immediately consider the 11 positions in question to determine if they merit these grades.

Three positions allocated by the Senate bill in grade 18 for deputy administrators for the Agricultural Research Service are contained in the conference substitute. The bill as passed by the House contained no such provision.

TITLE IV. CIVIL SERVICE RETIREMENT

The conference substitute contains a complete revision of the Civil Service Retirement Act of May 29, 1930. The House bill contained no such provision.

The conference substitute greatly liberalizes retirement benefits of Federal employees. The cost to the Government of the added benefits is estimated at \$310 million a year. The major new employee benefits provided by the conference substitute are:

Annuities will be computed at (a) 2 percent of the high average salary multiplied by all years of service in excess of 10 plus 1½ percent of such salary multiplied by the first 5 years of service, plus 1¾ percent of the years of service from 5 to 10, or (b) 1 percent of high average salary, plus \$25, multiplied by total years of service, whichever is greater. Under present law annuities are computed on the basis of 1½ percent of high average salary, or 1 percent of such salary plus \$25, multiplied by total years of service, whichever is greater.

The annuity of an employee electing a survivor annuity will be reduced by 2½ percent of the first \$2,400 and 10 percent of the balance. The present reduction is 5 percent of the first \$1,500 and 10 percent of the balance.

Optional retirement is authorized at age 62 after 5 years of service, with the right to elect survivor benefits. Present law provides an annuity after 5 years of service, but requires 15 years of service for election of survivor benefits.

The present right to retire on a reduced annuity at age 55 after 30 years of service is continued.

The reduction factor for retirement before reaching age 60 is changed from 3 percent a year to 1 percent for each year the retiring employee is under age 60 and 2 percent for each year under age 55.

Disability benefits are liberalized by providing a minimum of 40 percent of the average salary, or the annuity which would have been earned at age 60, whichever is the lesser.

An annuity is granted upon involuntary separation after attaining the age of 50 years with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service, regardless of age, is continued.

Upon death of an employee after 5 years of service, or of a retired employee, the surviving widow or widower will receive an annuity equal to 50 percent of the earned annuity of the decedent, beginning the first month after such death.

Survivor annuities of children of an employee who dies after 5 years of service, or of a retired employee who dies, are increased by an average of 150 percent.

An annuitant who is reemployed and serves at least 1 full-time year on active duty in a position covered by the Retirement Act will receive an annuity based on his reemployed service as well as his annuity based on the original retirement. Any lump-sum leave credit will not be reduced by reason of annuity paid to him during reemployment.

Members of the civilian faculties of the Naval Academy and Naval Postgraduate School, and United States commissioners who meet certain tests of minimum compensation and service, are brought into the civil service retirement system.

STATUS OF CIVIL SERVICE RETIREMENT FUND

In the judgment of the managers on the part of the House, the conference substitute is both generous and realistic. It provides greatly liberalized retirement benefits and at the same time improves the financial soundness of the civil service retirement fund.

The financial condition of the retirement fund has deeply concerned the House Post Office and Civil Service Committee for some time past. Recommendations of the committee based on its extensive study of methods of financing the fund were presented to the House and printed in House Report No. 1844, 84th Congress.

The committee found that there are three essentials to proper financing of the retirement fund. They are (1) employee contributions to the fund in amounts related to benefits provided and to recognized standards for a staff annuity system, (2) equal contributions to the fund by the Government as a payroll cost of each department and agency, and (3) appropriations by the Government to the fund in amounts which, when added to such contributions by the employees and matching contributions by the Government, will place in the fund each year the sum required to maintain it on a "normal cost plus interest" basis.

The normal cost-plus-interest basis for financing the retirement fund is defined in the conference substitute. In brief, it requires appropriations to the retirement fund each year to cover that part of the Government's share of accrued normal costs for the current year which are not met by the matching contributions of the departments and agencies and, in addition, interest on the past deficiency of the fund. When added to the contributions of the employees and of the departments and agencies, such appropriations will maintain the fund on a sound basis and the present deficit (\$13,435,000,000 at June 30, 1955) will not be further increased.

The Civil Service Commission estimates that upon approval of the conference substitute an appropriation of approximately \$555 million will be required each fiscal year to maintain the retirement fund on a normal cost-plus-interest basis. The fund also will receive \$582 million from employee deductions and a like amount from contributions by the departments and agencies.

The normal cost plus interest method of financing the retirement fund is recommended by the board of actuaries of the civil service retirement and disability fund, by the Committee on Retirement Policy for Federal Personnel (created by Public Law 555, 82d Cong., to study all Federal retirement systems) and by independent actuarial and retirement authorities. It is the traditional basis of appropriation estimates by the Civil Service Commission for financing the fund.

It is emphasized that the major portion of the past deficiency, on which the Government pays interest, results from two factors—first, the “starting load” when the retirement system was first established, that is, the requirement to pay annuities based on long periods of service during which little or no contributions were made by the employees being retired under the system, and second, numerous increases in benefits throughout the years since with no accompanying provision for adequate financing. This condition necessitates the adoption of a firm basis for financing the retirement fund which will prevent further increase in the deficiency. The conference substitute contains the three essentials for financing the retirement fund on a normal cost plus interest basis, which will accomplish this purpose. It requires employees’ contributions of 6½ percent of salary and matching contributions by the departments and agencies. It directs the Civil Service Commission to submit annual estimates of appropriations necessary to finance the fund on a normal cost plus interest basis and to continue the retirement system in full force and effect.

These and certain other fiscal adjustments provided by the conference substitute will greatly strengthen the financing of the retirement fund and assure its soundness in the future. The benefits granted by the conference substitute are the maximum benefits that could be granted Federal employees within the limits of sound financing.

The conference substitute authorizes the Secretary of Defense to establish not more than 120 scientific and professional positions (in lieu of 45 now authorized) in the Department of Defense and not more than 25 such positions in the National Security Agency, to carry out research and development functions relating to national defense and military and naval medicine. It authorizes the Chairman of the National Advisory Committee for Aeronautics to establish 30 such positions in his agency. A salary range of \$12,500 to \$19,000 is established for such positions by title I of the conference substitute. The bill as passed by the House contained no such provision. However, the House in this Congress already has passed H. R. 11040, to create a substantially larger number of such positions. It is expected that the need for additional positions of this type will be reexamined early in the next Congress.

The conference substitute also increases, from 1,200 to 1,226, the maximum number of positions in grades 16, 17, and 18 of the general schedule in the Classification Act of 1949 which a majority of the Civil Service Commissioners are authorized to establish in accordance with that act. The existing provision for reports by the Civil Service Commission to Congress on the total number of such positions and the number thereof in each supergrade, contained in the Senate amendment, is replaced in the conference substitute by a requirement for reports to Congress by the Commission, and by other authorities authorized to establish like positions, setting forth, in addition to such information, information with respect to qualifications of incumbents of these positions and other information that is deemed appropriate or required by the Congress or a committee thereof.

The language in the conference substitute is identical to many sections of S. 2875, as reported to the House, and in other respects to the language contained in the bill as it passed the Senate. In this respect attention is directed to a more complete analysis in House Report No. 2854 and Senate Report No. 1787, reports on S. 2875.

TOM MURRAY,
EDWARD H. REES,
JAMES H. MORRISON,
Managers on the Part of the House.



ices to purchasers of timber from Indian lands;

S. 3958. An act to improve the health of the people by assisting in increasing the number of adequately trained professional and practical nurses and professional public health personnel assisting in the development of improved methods of care and treatment in the field of mental health, and for other purposes;

S. 3968. An act to provide for the termination of Federal supervision over the property of the Peoria Tribe of Indians in the State of Oklahoma and the individual members thereof, and for other purposes;

S. 3969. An act to provide for the termination of Federal supervision over the property of the Ottawa Tribe of Indians in the State of Oklahoma and the individual members thereof, and for other purposes;

S. 3970. An act to provide for the termination of Federal supervision over the property of the Wyandotte Tribe of Oklahoma and the individual members thereof, and for other purposes;

S. 3998. An act to provide for the development of the Federal fish hatchery, known as the Holden trout hatchery, at Pittsford, Vt.;

S. 4060. An act to amend section 607 of the Postal Field Service Compensation Act of 1955, to include employees in the Motor Vehicle Service;

S. 4215. An act to amend the act of July 15, 1954, authorizing the sale of certain vessels to Brazil;

H. R. 1637. An act for the relief of Sam H. Ray;

H. R. 1774. An act to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes;

H. R. 8008. An act for the relief of Mrs. Warren D. Cooper and her son, Teddy Devere Cooper;

H. R. 12237. An act to encourage and assist the States in the establishment of State committees on education beyond the high school, and for other purposes;

S. J. Res. 71. Joint resolution to commend the foundations known as the Memorial to the American Indian Foundation for its project to establish a permanent memorial in honor of the North American Indians;

S. J. Res. 105. Joint resolution authorizing the President of the United States to designate the period beginning September 17 and ending September 23 of each year as Constitution Week;

S. J. Res. 114. Joint resolution to change the name of Bedloe's Island in New York Harbor to Liberty Island;

S. J. Res. 165. Joint resolution approving the relinquishments of the consular jurisdiction of the United States in Morocco;

S. J. Res. 183. Joint resolution authorizing an appropriation to enable the United States to extend an invitation to the World Health Organization to hold the Eleventh World Health Assembly in the United States in 1958; and

S. J. Res. 186. Joint resolution authorizing an appropriation for expenses of the Pan American games to be held in Cleveland, Ohio, in 1959.

SAFETY DEVICES ON HOUSEHOLD REFRIGERATORS SHIPPED IN INTERSTATE COMMERCE

The Senate resumed the consideration of the bill (H. R. 11960) to require certain safety devices on household refrigerators shipped in interstate commerce.

Mr. SPARKMAN. Mr. President, I should like to take a few minutes on the bill. I have been informed that the distinguished Senator from Indiana is about to propose an amendment.

Mr. CAPEHART. I have already offered it.

Mr. SPARKMAN. I have suggested to him that, although I am reluctant to do so, yet because of the lateness of the hour, I shall accept the amendment. I have been in touch with the author of the bill.

Mr. CAPEHART. Mr. President, may we have the amendment stated?

The PRESIDING OFFICER. The amendment has already been stated. It will be stated again.

The LEGISLATIVE CLERK. On page 2, lines 8 and 9, it is proposed to strike out "90 days" and insert in lieu thereof "1 year."

Mr. CAPEHART. Mr. President, I understand that the author of the bill is willing to accept the amendment.

Mr. SPARKMAN. That is correct, but I wish to make a few remarks on the bill.

Mr. CAPEHART. I am delighted that the author of the bill is accepting the amendment. It is very important. I think I am opposed to the bill, but I wish to see this amendment in it.

Mr. SPARKMAN. I should like to speak very briefly on the bill.

First, at the beginning of the 83d Congress, I introduced a bill to provide for this same type of legislation. It so happened that on the same day the Senator from Montana [Mr. MANSFIELD] introduced a similar bill. I think it may be interesting to know the origin of the idea so far as I was concerned.

One day I received a letter from the then Governor of my State, Governor Persons, with which he enclosed a letter which a lady had written him, attaching a newspaper story about the dreadful epidemic of deaths of young children as the result of crawling into deserted iceboxes and refrigerators and having the door close on them, resulting in their suffocation. She asked if something could not be done about it.

The governor sent the message to me. I wrote the lady and told her that I was referring the matter to Representative ROBERTS, of Alabama, on the House side, and asking him to introduce a bill. I told her that I would introduce a similar bill in the Senate. That was done; and on the same day I introduced my bill, the Senator from Montana introduced a similar bill.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me go one step further, and then I shall be glad to yield.

In that Congress, on July 7, 1954, a subcommittee under the chairmanship of the distinguished Senator from Connecticut [Mr. PURTELL] conducted hearings. It was decided at that time—and I think we all concurred in the decision—that the industry, the manufacturers, had not moved far enough into their studies and techniques relating to these safety devices to justify our requiring them at that time to install such devices. So instead of reporting a bill, the committee reported a Senate resolution which called attention to the need, and the fact that the industry had not moved far enough, but at the same time suggested to the cities and States through-

out the country that they enact ordinances to take care of discarded iceboxes.

In this Congress hearings were not conducted on the Senate side, but were conducted on the House side. A good many of the manufacturers showed that they had perfected devices, and that they are actually now marketing refrigerators with such devices. So the bill passed the House with an amendment suggested by one of the large builders, that the time be extended to a year and 90 days.

The effect of the amendment of the Senator from Indiana is to lengthen that period by 9 months, making it 2 years. So the manufacturers will be given 2 year's grace, within which to comply with the regulations which may be issued by the Secretary of Commerce.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield first to the Senator from Montana.

Mr. MANSFIELD. Mr. President, the distinguished Senator from Alabama is being very generous indeed in giving me credit for introducing a bill on the same day he introduced his bill. As a matter of fact, I introduced my bill more than a week later. The man who has done the most in the Senate to push this particular legislation—and the Lord knows, it has been badly needed all these years, because of the large number of deaths of children—is the Senator from Alabama himself. He has displayed a keen and persistent interest in this subject. The determination he has shown is indicative of his interest in the welfare of the children of our country and I give him all the credit for the measure which is now before the Senate.

Mr. SPARKMAN. I am certainly grateful to the Senator from Montana.

I now yield to the Senator from Ohio.

Mr. BRICKER. As the Senator knows, I do not think the bill reaches the real trouble, which is in the old refrigerators and iceboxes which are left in the open. I ask the Senator if he has given any thought to the question of the liability of the manufacturer should the apparatus which is approved not work?

Mr. SPARKMAN. No; I have not. I recognize the problem which the Senator first mentioned, but that is beyond the scope of the jurisdiction of Congress to control. That is the reason why, 2 years ago, the Senate adopted a resolution calling the attention of the cities and the States to the need for regulation.

Mr. BRICKER. But it is a question for consideration in passing a bill of this kind, is it not?

Mr. SPARKMAN. Is the Senator referring to the old, discarded boxes?

Mr. BRICKER. No. I am talking about the apparatus which might be placed upon a modern refrigerator, and which might not work.

Mr. SPARKMAN. The largest manufacturers are already installing such devices. I display an advertisement from General Electric Co. This is specialty advertising. It reads: Child-safe magnetic door. They are making a specialty of it.

I also have before me an article on the Admiral refrigerator, with pictures

Here is a letter from the Admiral Corp., telling what it has done, together with a news release.

I exhibit some of the advertising literature of the General Electric Co. It says, "A child can't be trapped inside." The largest manufacturers are already installing such devices.

Mr. BRICKER. I agree with the Senator.

Mr. SPARKMAN. I think undoubtedly they will see to it that their devices are perfected so that they need not be liable. They are given 2 years before they are required to comply.

Mr. BRICKER. They are given a year, as I understand, under the terms of the amendment of the Senator from Indiana, after the device, whatever it may be, is approved.

Mr. SPARKMAN. It was a year and 90 days in the bill as reported from the committee, and the amendment of the Senator from Indiana would extend the time by 9 months, making the period 2 years.

Mr. BRICKER. Two years from the time the bill is passed?

Mr. SPARKMAN. It is really 2 years and 90 days from the date the bill is enacted.

Mr. BRICKER. I still believe that the bill does not meet the real problem we face. I am fearful that the law of negligence might be completely changed by Congress passing a bill requiring these devices, especially in the light of the fact, as the Senator says, that many of the companies have been devoting their efforts to the perfecting of such devices. I am in favor of the companies doing everything they can, and I think they are. I think the evidence before the House committee shows that. In the light of that fact, does the Senator feel that a bill of this kind is necessary in the public interest?

Mr. SPARKMAN. I appreciate the remarks of the Senator from Ohio. None of the big manufacturers have objected to the bill, and I think there is ample time for others to develop the techniques necessary to enable them to comply.

Mr. BRICKER. Of course, there will be an opportunity next year for Congress to look into the subject, if there are any bugs in the act which might make the manufacturer liable for any death which might occur.

Mr. SPARKMAN. That is true.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a portion of the report which was made on Senate Resolution 272 in 1954, being an excerpt from Report No. 1753, 83d Congress, 2d session.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

GENERAL BACKGROUND

Your committee's Subcommittee on Business and Consumer Interests held hearings on April 27, 1954, on S. 2876 and S. 2891. These bills, in substance, would have provided imprisonment and fines for any person introducing or delivering for introduction into interstate commerce a refrigerating unit unless it were equipped with a latch which would enable it to be opened from the inside.

Testimony adduced at those hearings indicated that during the 6-year period, 1948-53, there has been a total of nearly 50 cases in which 1 to 5 children have crawled into a discarded icebox or refrigerator and suffocated. At least 79 children, ranging in age from 2 to 12 years, with the average age being 5 years, have died in these incidents.

There are more than 50 million iceboxes, refrigerators, freezers, and other such airtight cabinets in use today and they are being discarded at the rate of approximately 2 million to 3 million a year. Experience has shown that these refrigerators and other airtight containers, when once discarded, constitute attractive nuisances and inviting places for games by small children. In the light of these tragic facts, your committee cannot remain impassive.

Some opponents of S. 2876 and S. 2891 based their opposition to those measures, at least in part, upon the ground that the bulk of new refrigerating units would not become obsolete for 15 or 20 years. Your committee was not impressed with this argument. Our responsibility to the small children of the Nation is a continuing one, and if there existed today an invention that would make such refrigerating units, when discarded, harmless to children, your committee would have recommended passage of legislation of the general nature of either S. 2876 or S. 2891.

However, testimony adduced at the hearings has failed to establish the existence of a device which would provide a proper seal for a modern refrigerator door and which would, also, allow the door to be opened easily by a small child. (See appendix for pressures required for proper sealing.) Obviously, such a device would have to be set in motion by the slightest touch, because a child in the dark becomes frantic. Even the simplest type of a latch might present an insuperable obstacle to small tots who, as experience has demonstrated, lock themselves up in a bathroom and have to be rescued by the police or firemen.

Manufacturers of refrigerating units have assured your committee's Subcommittee on Business and Consumer Interests that their laboratories are exerting continued efforts and will intensify their efforts to invent some adequate type of safety device. Furthermore, they have stated that when such a device is invented, it will be made available upon reasonable terms to the whole industry. The subcommittee will keep abreast of the progress of such inventions, with a view to compelling adoption of such throughout the industry. In fact, if such an invention is not developed within the reasonably near future, it may be necessary for your committee to consider legislation that would authorize funds to be spent by appropriate agencies of the Government to do what the industry would then have shown its incompetency to accomplish.

Some opponents of S. 2876 and S. 2891 have pointed out the fact that a number of States and municipalities have enacted legislation or ordinances making it a crime for anyone to discard a refrigerating unit without removing the door thereof or taking some similar effective precaution. Civic groups have cooperated by bringing to the attention of the public the dangers of discarded refrigerating units. Some groups have conducted campaigns to call to the attention of homeowners that they had a discarded icebox in their yards and to encourage them to make them harmless to children.

State and local laws do have an advantage that Federal legislation would lack. If properly enforced, that can have an immediate effect in reducing the death of children. Furthermore, they can bridge the 15-year gap where Federal legislation would be largely ineffective. The Congress cannot and does not wish to usurp State police powers. It cannot enact legislation making it a crime to discard a refrigerating unit

without removing the door thereof. The Congress can reach this problem through its power over interstate commerce. Whenever it is feasible, the Congress can and should enact legislation banning from such commerce a refrigerating unit that can become a menace to children. This would, in 15 to 20 years, remove almost completely this modern hazard to the lives of our children. In the meantime, State safety laws upon this subject are imperative. Even if legislation of the type embodied in S. 2876 and S. 2891 were feasible now, this resolution would still be needed to call to the attention of State governors and legislators that Federal legislation in this matter is inadequate without an exercise of the equally important State police powers.

Under existing conditions, enactment of Federal legislation of the type contained in S. 2876 and S. 2891 would result in banning from interstate commerce a useful and necessary product until discovery or invention of a device which would provide a proper seal while allowing a door of a refrigerating unit to be opened easily from the inside.

Accordingly, the only present solution is to call these varying, effective areas of Federal and State jurisdiction to the attention of the governors and legislators of the States and urge the consideration of appropriate legislation and ordinances by the States and municipalities which may not be aware of the deficiencies of Federal legislation upon the subject. This resolution would provide this solution and your committee recommends unanimously that the resolution be adopted.

THE PRESIDING OFFICER (Mr. HOLLAND in the chair). The question is on agreeing to the amendment offered by the Senator from Indiana.

The amendment was agreed to.

THE PRESIDING OFFICER. If there be no further amendment to be offered, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 11969) was read the third time, and passed.

EXECUTIVE PAY ACT OF 1956— CONFERENCE REPORT

Mr. JOHNSTON of South Carolina. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes. I ask unanimous consent for the present consideration of the report.

THE PRESIDING OFFICER (Mr. HOLLAND in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

THE PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

THE PRESIDING OFFICER. The Senate will be in order. This is an important conference report. The Senate will be in order.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to make a brief explanation of the bill.

TITLE I. EXECUTIVE PAY

Title I of the conference substitute establishes salary levels for Cabinet officers, sub-Cabinet officers, and other executives of the Federal Government generally conforming to the salary levels for such officials provided by the bill as passed by the House. The salary levels for Cabinet officers, \$25,000, for the Under Secretary of State, the Deputy Secretary of Defense, the Director, Office of Defense Mobilization, the Director, Bureau of the Budget, and the Comptroller General, \$22,500, and for the Secretaries of the Army, Navy, and Air Force, \$22,000, are the same as in the House bill.

Principal differences in the conference substitute and the bill as passed by the House are: First, chairmen of major boards and commissions are in salary level \$20,500 under the conference substitute, compared to levels of \$19,500 and \$20,000 in the House bill, and, second, assistant secretaries of executive and military departments, including Assistant Postmasters General, administrators of certain bureaus and agencies, and members of major boards and commissions are placed in the \$20,000 salary level under the conference substitute, compared to a salary level of \$19,000 in the House bill. The salaries of governors of Territories and possessions are placed at \$19,000 under the conference substitute.

The conference substitute establishes a proper alinement between salaries of Cabinet officers, sub-Cabinet officers, and the heads of the various agencies, independent establishments, and bureaus in accordance with the level of the duties and responsibilities of such positions.

The Senate amendment provided for the establishment of specified numbers of administrative assistants and other secretaries or immediate staff assistants in the White House Office. The conferees on the part of the House agreed to the total number of such positions as contained in the Senate amendment, including 3 positions, 2 for the assistants to the deputy assistants to the President and 1 secretary to the Cabinet.

In accordance with the bill as passed by the House, the conference substitute increases the maximum salaries under the Classification Act of 1949, grade GS-18, and under the Postal Field Service Compensation Act of 1955, salary level 20, from \$14,800 to \$16,000, with appropriate adjustments in salary steps for the immediate lower grade and levels provided in those acts. Maximum salaries for chief medical officers and assistants in the Veterans' Administration are increased, under the conference substitute and the bill as passed by the House, to maintain the existing relationship between such salaries and the salaries of other Government officials and of classified and postal field service positions.

TITLE II. TERMS OF CIVIL SERVICE COMMISSIONERS AND SUCCESSION TO DUTIES OF CHAIRMAN

Title II of the conference substitute establishes 6-year, staggered terms of office for United States Civil Service Commissioners; provides for designation by

the President of a vice chairman of the commission; and provides a line of succession to perform the duties and responsibilities of the chairman of the Civil Service Commission by the vice chairman, in the absence of the chairman, and by the other member of the commission in the absence of the chairman and vice chairman.

TITLE III. MISCELLANEOUS PROVISIONS

Title III of the conference substitute provides for the appointment by the President, by and with the advice and consent of the Senate, of general counsels of the Post Office Department, a general counsel of the Department of Agriculture, and a general counsel of the Department of Health, Education, and Welfare to replace the existing offices of the chief legal officers of such Departments, which will be abolished.

The Senate amendment authorized the director of the administrative office of the United States courts to place a total of 4 positions in grade GS-18 of the general schedule of the Classification Act of 1949, and provided that the positions of 7 directors of commodity offices, Commodity Stabilization Service, Department of Agriculture, shall be in grade GS-16 of such schedule. The conference substitute does not contain such provisions, but increases by 11 positions the total number of supergrade positions which a majority of the Civil Service Commissioners are authorized to place in appropriate grades of the general schedule. It should be clearly understood by the Civil Service Commission that it should give immediate consideration with respect to an immediate adjustment in the classification of these positions.

Three positions allocated by the Senate bill in grade 18 for Deputy Administrators for the Agricultural Research Service are contained in the conference substitute.

TITLE IV. CIVIL SERVICE RETIREMENT

The conference substitute contains a complete revision of the Civil Service Retirement Act of May 29, 1930. The House bill contained no such provision.

The conference substitute greatly liberalizes retirement benefits of Federal employees. The cost to the Government of the added benefits is estimated at \$310 million a year. The major new employee benefits provided by the conference substitute are:

Annuities will be computed at (a) 2 percent of the high average salary multiplied by all years of service in excess of 10 plus 1½ percent of such salary multiplied by the first 5 years of service, plus 1¾ percent of the years of service from 5 to 10, or (b) 1 percent of high average salary, plus \$25, multiplied by total years of service, whichever is greater. Under present law annuities are computed on the basis of 1½ percent of high average salary, or 1 percent of such salary plus \$25, multiplied by total years of service, whichever is greater.

The annuity of an employee electing a survivor annuity will be reduced by 2½ percent of the first \$2,400 and 10 percent of the balance. The present reduction is 5 percent of the first \$1,500 and 10 percent of the balance.

Optional retirement is authorized at age 62 after 5 years of service, with the right to elect survivor benefits. Present law provides an annuity after 5 years of service, but requires 15 years of service for election of survivor benefits.

The present right to retire on a reduced annuity at age 55 after 30 years of service is continued.

The reduction factor for retirement before reaching age 60 is changed from 3 percent a year to 1 percent for each year the retiring employee is under age 60 and 2 percent for each year under age 55.

Disability benefits are liberalized by providing a minimum of 40 percent of the average salary, or the annuity which would have been earned at age 60, whichever is the lesser.

Retirement is provided for the first time to members who complete at least 20 years service and are at least 50 years of age in cases where they are separated from their positions by other than resignation or expulsion.

An annuity is granted upon involuntary separation after attaining the age of 50 years with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service, regardless of age, is continued.

Upon death of an employee after 5 years of service, or of a retired employee, the surviving widow or widower will receive an annuity equal to 50 percent of the earned annuity of the decedent, beginning the first month after such death.

Survivor annuities of children of an employee who dies after 5 years of service, or of a retired employee who dies, are increased by an average of 150 percent.

An annuitant who is reemployed and serves at least 1 full-time year on active duty in a position covered by the Retirement Act will receive an annuity based on his reemployed service as well as his annuity based on the original retirement. Any lump-sum leave credit will not be reduced by reason of annuity paid to him during reemployment.

The contribution on the part of employees and agencies will be 6½ percent per annum and 7½ percent per annum for Members of Congress. The bill that passed the Senate required 7 percent from employees and 8 percent for Members. The bill as reported from the House committee required a contribution of 6 percent from employees and 7 percent from Members. The conference agreement, will, in my estimation, place the system on a fully funded basis.

Members of the civilian faculties of the Naval Academy and naval postgraduate school, and United States commissioners who meet certain tests of minimum compensation and service, are brought into the civil service retirement system.

TITLE V. SCIENTIFIC POSITIONS

The conference substitute authorizes the Secretary of Defense to establish not more than 120 scientific and professional positions in lieu of 45 now authorized in the Department of Defense and not more than 25 such positions in the Na-

tional Security Agency, to carry out research and development functions relating to national defense and military and naval medicine. It authorizes the Chairman of the National Advisory Committee for Aeronautics to establish 30 such positions in his agency. A salary range of \$12,500 to \$19,000 is established for such positions by title I of the conference substitute.

I should add that the conferees of both the House and the Senate were unanimous in agreeing to the conference report. The House has already adopted the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

GREAT PLAINS CONSERVATION PROGRAM

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2839, H. R. 11833.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11833) to amend the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938, to provide for a Great Plains conservation program.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. ELLENDER. Mr. President, the bill would implement the Great Plains program proposed by the President on January 11, by—

First. Authorizing the Secretary of Agriculture to enter into 10-year contracts with farmers and ranchers in the Great Plains area providing for changes in land use and other measures for soil and water conservation; and

Second. Permitting wheat acreage to be counted as planted for the purpose of computing future allotments where unfavorable weather conditions prevent planting and the producer gives appropriate notice of that fact.

The authority provided by this bill would be in addition to that provided by the present ACP program, the Soil Conservation Service program, and the soil bank. Unlike the soil bank, it is directed toward changing land use rather than reducing production. Unlike the current ACP program, it provides for 10-year contracts, and would not be subject to the maximum payment limitation and small-farm provision of the Soil Conservation and Domestic Allotment Act. The purpose of the program is to obtain needed changes in land use to meet the climatic conditions of the area and avert serious wind erosion and resultant economic distress. The program provided for by the first section of the bill would continue only through 1971 and the cost of such program exclusive of administrative costs, would be limited to \$150 million over the entire period and \$25 million in any year.

The provision of the bill permitting wheat acreage to be counted as planted where unfavorable weather conditions prevent planting is similar to section 307 of the Agricultural Act of 1956 which, however, is limited to the period 1956 to 1959.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and read the third time.

Mr. AIKEN. Mr. President, I merely wish to say that I am very glad the pending bill has come before the Senate and is apparently on its way to becoming law.

On January 9, President Eisenhower sent a special farm message to Congress. In that message he outlined nine points of a program, the enactment of which he believed was highly essential for the welfare of agriculture.

The pending bill represents the last of the nine points to be acted upon during this year. All the points, with one exception have been authorized, and they have been enacted by Congress in about the form in which they were requested by President Eisenhower.

The one exception was not exactly a request, but a suggestion that Congress might wish to consider placing a dollar limit on the size of price support loans. Nothing has been done about that. Nearly every other item in the President's message has been acted upon, and acted upon almost in the form in which the President requested it.

I do not believe any President has ever had such an almost complete response to requests made to Congress on behalf of an agricultural program that President Eisenhower has had this year.

I am sure we all appreciate the work of the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER], and of all the other members of the committee, who contributed toward bringing all these requests of the President before Congress for action.

Mr. CARLSON. The legislation proposed by the pending bill is important to the Great Plains area, of which Kansas is a part. I commend the chairman and the ranking minority member of the Committee on Agriculture and Forestry for bringing this measure before the Senate. I hope we will complete action on it promptly, because it is important to a long-range program. We have been operating our program of soil conservation on an annual basis. I believe we must make plans to carry it out on a several-year basis. On that basis this proposed legislation is very important.

Mr. AIKEN. I am sure that when this bill is enacted into law, it, together with the legislation which has already been passed, will give sufficient authority to the Department of Agriculture and provide a great deal of incentive to landowners and operators to restore to grass hundreds of thousands of acres which probably should never have been plowed in the first place, except for the fact that the emergency made it necessary to do so.

Mr. HUMPHREY of Minnesota. I merely wish to say that I too believe that

the pending bill is one of the most forward-looking pieces of conservation legislation we could possibly pass. It will surely do a great deal of good in the Great Plains area, of which Kansas is a part, where there has been plowed land which, except for emergency reasons, perhaps should never have been plowed and cultivated.

Being a tie-in with the acreage conservation reserve of the soil bank, I am sure the bill will have a long and enduring effect upon soil fertility and the overall conservation of land resources. I am delighted that the bill has been brought before the Senate, and I wish to commend the chairman of the committee for making it possible for us to vote for it.

Mr. HOLLAND. Mr. President, I am glad that Senators are remarking on the work of the chairman of the Committee on Agriculture and Forestry and of the distinguished ranking minority member of that committee. The Chair will recall that at the beginning of this session the Committee on Agriculture and Forestry was divided 8 to 7 on one of the most difficult pieces of legislation which ever has been considered in the Senate since I have been a Member of this body. When the first action was taken by the Congress the President was not in accord with it. There was much chance of friction, but under the able leadership of the chairman of the committee and ranking minority member, and of all other members of the committee, a very constructive program of legislation has been accomplished. I am proud to have been a member of that committee, and I am proud to acknowledge the fine and constructive leadership of the distinguished chairman of the committee and the distinguished minority member of the committee.

Mr. HUMPHREY of Minnesota. Mr. President, I merely wish to second, so to speak, the remarks of the Senator from Florida, and I wish to pay a tribute to the Senator from Florida, which I had hoped to do yesterday, with reference to the farm credit legislation which has been reported and acted upon.

As the Senator recalls, we had some differences of opinion, but, finally, when the conference report was presented, many of the details were worked out to our mutual satisfaction. I think the Senate will long remember that the Senator from Florida took care of one of the most important items of farm legislation.

Mr. HOLLAND. Mr. President, I appreciate these cordial remarks.

Mr. LANGER. Mr. President, I remember when we were asked to break up the prairies and raise wheat. We broke up hundreds and thousands of acres which otherwise we would not have broken up. The bill which is about to be passed, Mr. President, will contribute 80 percent toward the reseeding, and terrific benefit will be derived by all the farmers in the Northwest area.

I wish to compliment the Committee on Agriculture and Forestry, and especially the chairman of that committee.

The PRESIDING OFFICER. The question is on the final passage of the bill. The bill (H. R. 11833) was passed.

survival held during the current session by a subcommittee of the Committee on Government Operations;

H. Con. Res. 262. Concurrent resolution authorizing the Joint Committee on Atomic Energy to print 40,000 additional copies of the hearings of the Research and Development Subcommittee on "Progress Report on Research in Medicine, Biology, and Agriculture Using Radioactive Isotopes";

H. Con. Res. 263. Concurrent resolution authorizing additional copies of the hearing on Labor-Management Problems of the American Merchant Marine; and

H. Con. Res. 269. Concurrent resolution authorizing a correction in enrolled bill H. R. 8008.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4164. An act to provide for the appointment of a Federal Highway Administrator in the Department of Commerce, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 9396. An act to amend the Tariff Act of 1930 to place guar seed on the free list;

H. R. 9875. An act to amend the Internal Revenue Code of 1954 to provide that the tax on admissions shall apply only if the amount paid on admissions exceeds \$1;

H. R. 10177. An act to amend the Tariff Act of 1930 to provide that certain lathes used for shoe last roughing or for shoe last finishing may be imported into the United States free of duty;

H. R. 11554. An act to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of merchant vessels in the interest of national defense, and for other purposes; and

H. R. 12270. An act to authorize certain construction at military installations, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 12080. An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. KERR, Mr. GORE, Mr. CASE of South Dakota, and Mr. HRUSKA to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3957) entitled "An act for the relief of Pauline H. Corbett."

The message also announced that the Senate recedes from its amendment to the bill H. R. 9591, entitled "An act to amend the act of August 31, 1954 (68 Stat. 1037), relating to the acquisition of non-Federal land within the existing boundaries of any national park, and for other purposes."

ADJUSTMENT OF RATES OF COMPENSATION OF HEADS OF EXECUTIVE DEPARTMENTS—CIVIL SERVICE RETIREMENT

Mr. MURRAY of Tennessee submitted the following conference report and statement on the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes:

CONFERENCE REPORT (H. REPT No. 2935)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

"SEC. 101. This title may be cited as 'Federal Executive Pay Act of 1956'.

"SEC. 102. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$25,000.

- "(1) Secretary of State.
- "(2) Secretary of the Treasury.
- "(3) Secretary of Defense.
- "(4) Attorney General.
- "(5) Postmaster General.
- "(6) Secretary of the Interior.
- "(7) Secretary of Agriculture.
- "(8) Secretary of Commerce.
- "(9) Secretary Labor.
- "(10) Secretary of Health, Education, and Welfare.

"SEC. 103. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,500.

- "(1) Director of the Bureau of the Budget.
- "(2) Comptroller General of the United States.
- "(3) Director, Office of Defense Mobilization.

"(4) Under Secretary of State.

"(5) Deputy Secretary of Defense.

"(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,000.

- "(1) Secretary of the Army.
- "(2) Secretary of the Navy.
- "(3) Secretary of the Air Force.

"SEC. 104. (a) The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$21,000.

- "(1) Commissioner of Internal Revenue.
- "(2) Director of Central Intelligence.
- "(3) Director of the Federal Bureau of Investigation.

"(4) Administrator of the Federal Civil Defense Administration.

"(b) Notwithstanding the provisions of subsection (a), the annual rate of basic compensation of the Director of the Federal Bureau of Investigation shall be \$22,000 so long as such office is held by the present incumbent.

- "(5) Administrator of General Services.
- "(6) Administrator of the Housing and Home Finance Agency.
- "(7) Administrator of Veterans' Affairs.
- "(8) Director of the International Cooperation Administration.
- "(9) Director of the United States Information Agency.

"(10) Governor of the Farm Credit Administration.

"(11) President of the Export-Import Bank of Washington.

"(12) Under Secretary of the Treasury.

"(13) Under Secretary of the Treasury for Monetary Affairs.

"(14) Deputy Postmaster General.

"(15) Under Secretary of the Interior.

"(16) Under Secretary of Agriculture.

"(17) Under Secretary of Commerce.

"(18) Under Secretary of Commerce for Transportation.

"(19) Under Secretary of Labor.

"(20) Under Secretary of Health, Education, and Welfare.

"SEC. 105. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$20,500.

"(1) Chairman, Civil Aeronautics Board.

"(2) Chairman of the United States Civil Service Commission.

"(3) Chairman of the Council of Economic Advisers.

"(4) Chairman, Federal Communications Commission.

"(5) Chairman, Board of Directors, Federal Deposit Insurance Corporation.

"(6) Chairman of the Federal Maritime Board.

"(7) Chairman, Federal Power Commission.

"(8) Chairman, Board of Governors of the Federal Reserve System.

"(9) Chairman, Federal Trade Commission.

"(10) Chairman, Foreign Claims Settlement Commission of the United States.

"(11) Chairman of the Federal Home Loan Bank Board.

"(12) Chairman, Interstate Commerce Commission.

"(13) Chairman, National Labor Relations Board.

"(14) Chairman, National Mediation Board.

"(15) Chairman, Railroad Retirement Board.

"(16) Chairman of the Renegotiation Board.

"(17) Chairman, Securities and Exchange Commission.

"(18) Chairman, Subversive Activities Control Board.

"(19) Chairman, Board of Directors of the Tennessee Valley Authority.

"(20) Chairman, United States Tariff Commission.

"(21) Comptroller of the Currency.

"(22) Assistant Comptroller General of the United States.

"(23) Deputy Administrator of the Federal Civil Defense Administration.

"(24) Deputy Administrator of Veterans' Affairs.

"(25) Deputy Director of the Bureau of the Budget.

"(26) Deputy Director of Central Intelligence.

"(27) Deputy Director of the Office of Defense Mobilization.

"(28) Deputy Director of the United States Information Agency.

"(29) Deputy Under Secretary of the Department of State (3).

"(30) Director of the Federal Mediation and Conciliation Service.

"(31) First Vice President of the Export-Import Bank of Washington.

"SEC. 106. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$20,000.

"(1) Administrator, Bureau of Security and Consular Affairs, Department of State.

"(2) Administrator of Civil Aeronautics.

"(3) Administrator, Commodity Stabilization Service.

"(4) Administrator of the Rural Electrification Administration.

"(5) Administrator of the Small Business Administration.

"(6) Administrator of the Saint Lawrence Seaway Development Corporation.

"(7) Administrator, Wage and Hour and Public Contracts Division, Department of Labor.

"(8) Archivist of the United States.

"(9) Assistant Directors of the Bureau of the Budget (2).

"(10) Assistant Postmasters General (5).

"(11) Assistant Secretaries of Agriculture (3).

"(12) Assistant Secretaries of Commerce (3).

"(13) Assistant Secretaries of Defense (9).

"(14) Assistant Secretaries of Health, Education, and Welfare (2).

"(15) Assistant Secretaries of the Interior (3).

"(16) Assistant Secretaries of Labor (3).

"(17) Assistant Secretaries of State (10).

"(18) Assistant Secretary of the Treasury (3).

"(19) Assistant Secretaries of the Air Force (4).

"(20) Assistant Secretaries of the Army (4).

"(21) Assistant Secretaries of the Navy (4).

"(22) Associate Director of the Federal Bureau of Investigation.

"(23) Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense.

"(24) Commissioner, Community Facilities, Housing and Home Finance Agency.

"(25) Commissioner, Federal Housing Administration.

"(26) Commissioner, Public Housing Administration.

"(27) Commissioner, Urban Renewal Administration.

"(28) Counselor of the Department of State.

"(29) Deputy Administrator of the Housing and Home Finance Agency.

"(30) Deputy Administrator of General Services.

"(31) Director of the Administrative Office of the United States Courts.

"(32) Director of the Bureau of Prisons.

"(33) Director of the National Advisory Committee for Aeronautics.

"(34) Director of the National Science Foundation.

"(35) Director of Selective Service.

"(36) Fiscal Assistant Secretary of the Treasury.

"(37) General Counsel of the National Labor Relations Board.

"(38) Librarian of Congress.

"(39) President of the Federal National Mortgage Association.

"(40) Public Printer.

"(41) Special Assistant to the Secretary (Health and Medical Affairs), Department of Health, Education, and Welfare.

"(42) Under Secretary of the Army.

"(43) Under Secretary of the Navy.

"(44) Under Secretary of the Air Force.

"(45) Members of boards and commissions (excluding chairmen):

"Civil Aeronautics Board (4).

"United States Civil Service Commission (2).

"Council of Economic Advisers (2).

"Board of Directors of the Export-Import Bank of Washington (3).

"Federal Communications Commission (6).

"Federal Deposit Insurance Corporation (1).

"Board of Governors of the Federal Reserve System (6).

"Federal Maritime Board (2).

"Foreign Claims Settlement Commission of the United States (2).

"Federal Power Commission (4).

"Federal Trade Commission (4).

"Federal Home Loan Bank Board (2).

"Interstate Commerce Commission (10).

"National Labor Relations Board (4).

"National Mediation Board (2).

"Railroad Retirement Board (2).

"Renegotiation Board (4).

"Securities and Exchange Commission (4).

"Subversive Activities Control Board (4).

"Board of Directors of the Tennessee Valley Authority (2).

"United States Tariff Commission (5).

"(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$19,000.

"(1) Architect of the Capitol.

"(2) Assistant to the Director of the Federal Bureau of Investigation.

"(3) Commissioner of the United States Court of Claims (12).

"(4) Governor of Alaska.

"(5) Governor of the Canal Zone.

"(6) Governor of Guam.

"(7) Governor of Hawaii.

"(8) Governor of the Virgin Islands.

"(9) Legal adviser, solicitor, or general counsel of an executive or military department (excluding the Department of Justice).

"(c) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$18,000 per annum.

"(1) Commissioner of the Indian Claims Commission (3).

"SEC. 107. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,500.

"(1) Administrator, Agricultural Research Service, Department of Agriculture.

"(2) Administrator, Bonneville Power Administration.

"(3) Administrator, Farmers' Home Administration.

"(4) Administrator, Soil Conservation Service, Department of Agriculture.

"(5) Assistant Architect of the Capitol.

"(6) Assistant Director of the Administrative Office of the United States Courts.

"(7) Associate Director of the Federal Mediation and Conciliation Service.

"(8) Chief Assistant Librarian of Congress.

"(9) Chief Forester of the Forest Service, Department of Agriculture.

"(10) Chief of Staff of the Joint Committee on Internal Revenue Taxation.

"(11) Commissioner of Customs.

"(12) Commissioner, Federal Supply Service, General Services Administration.

"(13) Commissioner of Immigration and Naturalization.

"(14) Commissioner of Narcotics.

"(15) Commissioner, Public Buildings Service.

"(16) Commissioner of Public Roads.

"(17) Commissioner of Reclamation.

"(18) Commissioner of Social Security.

"(19) Deputy Administrator of the Saint Lawrence Seaway Development Corporation.

"(20) Deputy Commissioner, Internal Revenue Service.

"(21) Deputy Public Printer.

"(22) Manager, Federal Crop Insurance Corporation, Department of Agriculture."

"(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,000 per annum.

(1) Deputy Administrator, Small Business Administration (3).

(2) Treasurer of the United States.

"SEC. 108. Except as otherwise specifically provided in this title, the chairman or other head of each independent board or commission in the executive branch shall receive, during the period of his service as chairman or other head of such board or commission, annual basic compensation at a rate which is \$500 more than the annual rate of basic compensation prescribed by this title for the other members of such board or commission.

"SEC. 109. Section 105 of title 3 of the United States Code is amended to read as follows:

"§ 105. Compensation of secretaries and executive, administrative, and staff assistants to President.

"The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of eight other secretaries or other immediate staff assistants in the White House Office, as follows: Two at rates not exceeding \$22,500 per annum, three at rates not exceeding \$21,000 per annum, seven at rates not exceeding \$20,000 per annum, and three at rates not exceeding \$17,500 per annum."

"SEC. 110. (a) The Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$20,000 per annum in addition to such allowances.

"(b) The Deputy Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$19,000 per annum in addition to such allowances.

"(c) The Director, National Institutes of Health, the Chief, Bureau of Medical Services, and the Chief, Bureau of State Services, of the Public Health Service, shall each receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$17,500 per annum in addition to such allowances.

"SEC. 111. The annual compensation for each of the offices established by section 1 (d) of Reorganization Plan Numbered 7 of 1953, effective August 1, 1953 (67 Stat. 639) shall be established by the Secretary of State at a rate not more than \$19,000.

"SEC. 112. Section 2 of Public Law 565, Seventy-ninth Congress, approved July 30, 1946 (60 Stat. 712), is amended by striking out '\$12,000' and insert in lieu thereof '\$15,000'.

"SEC. 113. Section 527 (b) of the Mutual Security Act of 1954, approved August 26, 1954 (Public Law 665, Eighty-third Congress (68 Stat. 832)) is amended by striking out '\$15,000 per annum' and inserting in lieu thereof '\$19,000 per annum'.

"SEC. 114. (a) The compensation schedule for the General Schedule contained in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out:

"GS-17----	13,975	14,190	14,405	14,620
GS-18----	14,800			

and inserting in lieu thereof:

"GS-17----	13,975	14,190	14,405	14,620
	14,835			
GS-18----	16,000			

"(b) The rates of basic compensation of officers and employees to whom this section applies shall be initially adjusted as follows:

"(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a scheduled rate of grade 17 or 18 of the General Schedule, he shall receive a rate of basic compensation at the corresponding scheduled rate in effect on and after such date;

"(2) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate between two scheduled rates of such grade, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date;

"(3) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate which is in excess of the maximum scheduled rate of his grade as provided in

this section, he shall continue to receive such higher rate of basic compensation until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but when such position becomes vacant, the rate

"18....."	12,500
19.....	13,600
20.....	14,800"

and inserting in lieu thereof:

"18....."	12,800
19.....	14,000
20.....	16,000"

"SEC. 116. Section 3 of the Act of January 3, 1946, as amended (38 U. S. C. 15b), is hereby amended as follows:

"(a) The last sentence of section 3 (b) is amended to read: 'During the period of his service as such, the Chief Medical Director shall be paid a salary of \$17,800 a year.'

"(b) The last sentence of section 3 (c) is amended to read: 'During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of \$16,800 a year.'

"(c) That portion of section 3 (d) which precedes the proviso is amended to read: 'Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of \$15,800.'

"SEC. 117. (a) The first section of the Act approved August 1, 1947 (61 Stat. 715; Public Law 313, 80th Congress), as amended, relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in certain departments and agencies, is amended by striking out '\$10,000' and '\$15,000' and inserting in lieu thereof '\$12,500' and '\$19,000', respectively.

"(b) Section 208 (g) of the Public Health Service Act, as amended (42 U. S. C. 210 (g)), relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in the Public Health Service is amended by striking out '\$10,000' and '\$20,000' and inserting in lieu thereof '\$12,500' and '\$19,000', respectively.

"SEC. 118. The salary amendments contained in section 116 shall not affect the authority of the Civil Service Commission or the procedure for fixing the pay of individual officers or employees under the statutes therein amended; except that the existing rate of basic compensation of any officer or employee to whom such section applies which is less than a rate of \$12,500 per annum shall be increased to such rate on the effective date of this title.

"SEC. 119. Section 12 of the Act of May 29, 1884, as amended (21 U. S. C. 113a), relating to salary limitation on technical experts or scientists for research and study of foot-and-mouth disease and other animal diseases, is hereby amended by striking out '\$15,000' and inserting in lieu thereof '\$19,000'.

"SEC. 120. This title shall take effect at the beginning of the first pay period commencing after June 30, 1956.

"TITLE II—PROVISIONS RELATING TO ORGANIZATION OF CIVIL SERVICE COMMISSION

"SEC. 201. (a) The first section of the Act entitled 'An Act to regulate and improve the civil service of the United States', approved January 16, 1883, as amended (5 U. S. C., sec. 632), is amended by inserting immediately after the first paragraph thereof a paragraph as follows:

"The term of office of each such Commissioner shall be six years, except that (1) the terms of office of the Commissioners holding office on the effective date of this paragraph (including the term of office of an individual appointed to fill any vacancy in the Commission existing on such effective date) shall expire, as designated by the President, one at the end of two years, one at the end of

of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such Act, as amended.

"SEC. 115. The Postal Field Service Schedule in section 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th Congress), is amended by striking out:

12,800	13,100	13,400	13,700	14,000	14,300
13,900	14,200	14,500	14,800		

13,100	13,400	13,700	14,000	14,300	14,600
14,300	14,600	14,900	15,200		

four years, and one at the end of six years, after such effective date; (2) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term of his predecessor shall be appointed for the remainder of such term; and (3) upon the expiration of his term of office a Commissioner may continue to serve until his successor is appointed and has qualified.'

"(b) Such first section of such Act of January 16, 1883, is further amended by adding at the end thereof the following paragraph:

"In addition to designating a Chairman of the Commission from time to time, pursuant to section 1 of Reorganization Plan Numbered 5 of 1949, the President shall from time to time designate one of the Commissioners as Vice Chairman of the Commission. During the absence or disability of the Commissioner designated as Chairman, or in the event of a vacancy in the office of such Commissioner, the Commissioner designated as Vice Chairman shall perform those functions of the Chairman which were transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of such Reorganization Plan. During the absence or disability of both the Commissioner designated as Chairman and the Commissioner designated as Vice Chairman, or in the event of vacancies in the offices of both such Commissioners, the remaining Commissioner shall perform such functions. During the absence or disability of all three Commissioners, or in the event of vacancies in the offices of all three Commissioners, the Executive Director shall perform such functions; but the Executive Director shall at no time sit as a member or acting member of the Commission.'

"SEC. 202. (a) This section and section 201 (b) shall take effect on the date of enactment of this Act.

"(b) Section 201 (a) shall take effect on March 1, 1957.

"TITLE III—MISCELLANEOUS PROVISIONS

"SEC. 301. (a) The President shall hereafter appoint, by and with the advice and consent of the Senate, a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, and a General Counsel of the Department of Health, Education, and Welfare.

"(b) The existing office of Solicitor of the Post Office Department and the existing offices of General Counsel of the Department of Agriculture, and the Department of Health, Education, and Welfare shall be abolished effective upon the appointment and qualification of the General Counsels of such respective departments provided for by subsection (a) or April 1, 1957, whichever is earlier.

"SEC. 302. The positions of three Deputy Administrators of the Agricultural Research Service, Department of Agriculture, shall be in grade GS-18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505 (b) of such Act.

"TITLE IV—CIVIL SERVICE RETIREMENT

"SEC. 401. The Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:

"Definitions

"SECTION 1. Wherever used in this Act—
"(a) The term "employee" shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this Act applies.

"(b) The term "Member" shall mean the Vice President, a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico, and, except for purposes of section 2, shall mean a Member to whom this Act applies.

"(c) The term "congressional employee" means an employee of the Senate or House of Representatives or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, a member of the Capitol Police force, an employee of the Vice President if such employee's compensation is disbursed by the Secretary of the Senate, and an employee of a Member if such employee's compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.

"(d) The term "basic salary" shall not include bonuses, allowances, overtime pay, military pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term "basic salary" shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made therefor as provided in section 4.

"(e) The term "average salary" shall mean the largest annual rate resulting from averaging, over any period of five consecutive years of creditable service, or at a Member's option over all periods of Member service subsequent to the date of enactment of the Legislative Reorganization Act of 1946 used in the computation of an annuity under this Act, a Member's or an employee's rates of basic salary in effect during such period, with each rate weighted by the time it was in effect.

"(f) The term "fund" shall mean the civil service retirement and disability fund created by the Act of May 22, 1920.

"(g) The terms "disabled" and "disability" shall mean totally disabled for useful and efficient service in the grade or class of position last occupied by the employee or Member by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the five years next prior to becoming so disabled.

"(h) The term "widow", for purposes of section 10, shall mean the surviving wife of an employee or Member who was married to such individual for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(i) The term "widower", for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least two years immediately preceding her death or is the father of issue by such marriage. The term "dependent widower", for purposes of section 10, shall mean a "widower" who is incapable of self-support by reason of mental or physical disability, and who received more

than one-half his support from such employee or Member.

"(j) The term "child", for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support.

"(k) The term "Government" shall mean the executive, judicial, and legislative branches of the United States Government, including Government-owned or controlled corporations and Gallaudet College, and the municipal government of the District of Columbia.

"(l) The term "lump-sum credit" shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956 or, in the case of an employee separated or transferred to a position not within the purview of this Act before he has completed five years of civilian service or a Member separated before he has completed five years of Member service, to the date of the separation or transfer. The lump-sum credit shall not include interest if the service covered thereby aggregates one year or less, nor shall it include interest for the fractional part of a month in the total service.

"(m) The term "Commission" shall mean the United States Civil Service Commission.

"(n) The term "annuitant" shall mean any former employee or Member who, on the basis of his service, has met all requirements of the Act for title to annuity and has filed claim therefor.

"(o) The term "survivor" shall mean a person who is entitled to annuity under this Act based on the service of a deceased employee or Member or of a deceased annuitant.

"(p) The term "survivor annuitant" shall mean a survivor who has filed claim for annuity.

"(q) The term "service" shall mean employment which is creditable under section 3.

"(r) The term "military service" shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States.

"(s) The term "Member service" shall mean service as a Member and shall include the period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as a Member.

"Coverage"

"Sec. 2. (a) This Act shall apply to each employee and Member, except as hereinafter provided.

"(b) This Act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.

"(c) This Act shall not apply to any Member or to any congressional employee until he gives notice in writing to the officer by whom his salary is paid of his desire to come within the purview of this Act.

"(d) This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing to the officer by whom his salary is paid of his

desire to come within the purview of this Act.

"(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent.

"(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code, or to construction employees or any other temporary, part-time, or intermittent employees of the Tennessee Valley Authority; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

"(g) Notwithstanding any other provision of law or any Executive order, this Act shall apply to each United States Commissioner whose total compensation for services rendered as United States Commissioner is not less than \$3,000 in each of the last three consecutive calendar years (1) ending prior to the effective date of the Civil Service Retirement Act Amendments of 1956 or (2) ending prior to the first day of any calendar year which begins after such effective date. For the purposes of this Act, the employment and compensation of each such United States Commissioner coming within the purview of this Act pursuant to this subsection shall be held and considered to be on a daily basis when actually employed; but nothing in this Act shall affect, otherwise than for the purposes of this Act, the basis, under applicable law other than this Act, on which such United States Commissioner is employed or on which his compensation is determined and paid.

"Creditable service"

"Sec. 3. (a) An employee's service for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

"(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee or Member is awarded retired pay on account of military service, his military service shall not be included, unless such retired pay is awarded on account of a service-connected disability (1) incurred in combat with an enemy of the United States or (2) caused by an instrumentality of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1 (a), part I, paragraph I, or is awarded under title III of Public Law 810, Eightieth Congress, except that for purposes of section 9 (c) (1), a Member (A) shall be allowed credit only for periods of military service not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (B) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to re-

tired pay, pension, or compensation in addition to the annuity herein provided.

"(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

"(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act: *Provided*, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

"(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

"(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

"(g) An employee or Member must have, within the two-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. If any employee or Member, other than an employee or Member separated from the service by reason of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his salary during his period of service for which no eligibility for annuity is established based on such separation shall be returned to him upon such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

"(h) An employee who (1) has at least five years' Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

"(i) In the case of each United States Commissioner who comes within the purview of this Act pursuant to section 2 (g) of this Act, service rendered prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956 as United States Commissioner shall be credited for the purposes of this Act on the basis of one three-hundred-and-thirteenth of a year for each day on which such United States Commissioner renders service in such capacity and which is not credited for the purposes of this Act for service performed by him in any capacity other than United States Commissioner. Such credit shall not be granted for service rendered as United States Commissioner for more than three hundred and thirteen days in any one year.

"(j) Notwithstanding any other provision of this section, any military service (other than military service covered by military leave with pay from a civilian position) performed by an individual after December 1956 shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled),

at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the individual or widow such military service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits.

"Deductions and deposits

"Sec. 4. (a) From and after the first day of the first pay period which begins on or after the effective date of the Civil Service Retirement Act Amendments of 1956 there shall be deducted and withheld from each employee's basic salary an amount equal to 6½ per centum of such basic salary and from each Member's basic salary an amount equal to 7½ per centum of such basic salary. From and after the first day of the first day period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or com-

pensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section. Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.

"(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

	Percentage of basic salary	Service period
Employee.....	2½	August 1, 1920, to June 30, 1926
	3½	July 1, 1926, to June 30, 1942
	5	July 1, 1942, to June 30, 1948
	6	July 1, 1948, to October 31, 1956
	6½	After October 31, 1956
Member for Member service.....	2½	August 1, 1920, to June 30, 1926
	3½	July 1, 1926, to June 30, 1942
	5	July 1, 1942, to August 1, 1946
	6	August 2, 1946, to October 31, 1956
	7½	After October 31, 1956

"(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this Act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

"(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually. Such deposit may be made in one or more installments.

"(f) Under such regulations as may be prescribed by the Commission, amounts deducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

"(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

"Mandatory separation

"Sec. 5. (a) Except as hereinafter provided, an employee who shall have attained the age of seventy years and completed fifteen years of service shall be automatically separated from the service. Such separation shall be effective on the last day of the month in which such employee attains the age of seventy years or completes fifteen years of service if then beyond such age, and all salary shall cease from that day.

"(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least

sixty days in advance thereof: *Provided*, That subsection (a) shall not take effect without the consent of the employee until sixty days after he has been so notified.

"(c) The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.

"(d) The automatic separation provisions of this section shall not apply to any person named in any Act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, to the Architect of the Capitol or any employee under the office of the Architect of the Capitol, or to any employee in the judicial branch who has been appointed to hold office for a definite term of years.

"(e) In the case of an employee of The Alaska Railroad, Territory of Alaska, or an employee who is a citizen of the United States employed on the Isthmus of Panama by the Panama Canal Company or the Canal Zone Government, the provisions of this section shall apply upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama or in the Territory of Alaska.

"Immediate retirement

"Sec. 6. (a) Any employee who attains the age of sixty years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(b) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.

"(c) Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the

criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of fifty years and completes twenty years of service in the performance of such duties, may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retire from the service and be paid an annuity computed as provided in section 9. The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee. The word "detention", as used in this subsection shall be construed to include the duties of—

"(1) all employees of the Bureau of Prisons and Federal Prison Industries, Incorporated,

"(2) all employees of the Public Health Service assigned to the field service of the Bureau of Prisons or to the field service of Federal Prison Industries, Incorporated,

"(3) all civilian employees employed in the field services at Army or Navy disciplinary barracks or at confinement and rehabilitation facilities operated by any of the United States armed services, and

"(4) all employees of the Department of Corrections of the District of Columbia, its industries and utilities,

whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States or of the District of Columbia or offenses against the punitive articles of the Uniform Code of Military Justice require frequent (as determined by the appropriate administrative authority with the concurrence of the Commission) direct contact with such persons in the detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation of such persons.

"(d) Any employee who completes twenty-five years of service or who attains the age of fifty years and completes twenty years of service shall upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

"(e) Any employee who attains the age of sixty-two years and completes five years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(f) Any Member who attains the age of sixty-two years and completes five years of Member service, or who attains the age of sixty years and completes ten years of Member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. Any Member who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9. Any Member who completes twenty-five years of service, or who attains the age of fifty years and completes twenty years of service, shall, upon separation from the service (other than separation by resignation or expulsion), be paid a reduced annuity computed as provided in section 9. No Member or survivor of a Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of Member service.

"Disability retirement

"Sec. 7. (a) Any employee who completes five years of civilian service and who is found by the Commission to have become disabled shall, upon his own appli-

cation or upon application by his department or agency, be retired on an annuity computed as provided in section 9. Any Member who completes five years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

"(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to separation of the employee or Member from the service or within one year thereafter. This time limitation may be waived by the Commission for an individual who at the date of separation from service or within one year thereafter is mentally incompetent, if the application is filed with the Commission within one year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

"(c) Each annuitant retired under this section or under section 6 of the act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of 1 year from the date of such retirement and annually thereafter, until reaching age 60, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(d) If such annuitant, before reaching age 60, recovers from his disability or is restored to an earning capacity fairly comparable to the current rate of compensation of the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) one year from the date of the medical examination showing such recovery, or (3) one year from the date of determination that he is so restored, whichever is earliest. Earning capacity shall be deemed restored if in each of 2 succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 percent of the current rate of compensation of the position occupied immediately prior to retirement.

"(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provision of this act.

"(f) No person shall be entitled to receive an annuity under this act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either act for any part of the same period of time. Neither this provision nor any provision in such act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this act on account of service rendered by him, or deny any concurrent benefit to such person under such act of September 7, 1916, as amended, on account of the death of any other person.

"Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity

becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

"Deferred retirement

"Sec. 8. (a) Any employee who is separated from the service or transferred to a position not within the purview of this Act after completing five years of civilian service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

"(b) Any Member who on or after January 1, 1956, has been or is separated from the service as a Member after completing five years of Member service may hereafter be paid an annuity beginning at the age of sixty-two years, computed as provided in section 9. Any Member who is separated from the service after completing ten or more years of Member service may be paid an annuity beginning at the age of sixty years, computed as provided in section 9.

"Computation of annuity

"Sec. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring under this Act shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the average salary multiplied by so much of the total service as does not exceed five years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as does not exceed five years, plus (2) the larger of (A) $1\frac{3}{4}$ per centum of the average salary multiplied by so much of the total service as exceeds five years but does not exceed ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds five years but does not exceed ten years, plus (3) the larger of (A) 2 per centum of the average salary multiplied by so much of the total service as exceeds ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds ten years: *Provided*, That the annuity shall not exceed 80 per centum of the average salary: *Provided further*, That the annuity of an employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

"(b) The annuity of a congressional employee retiring under this Act shall, if he so elects at the time his annuity commences, be (1) $2\frac{1}{2}$ per centum of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of fifteen years, plus (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so much of the remainder of his total service as does not exceed five years, plus (3) $1\frac{3}{4}$ per centum of the average salary multiplied by so much of the remainder of his total service as exceeds five years but does not exceed ten years, plus (4) 2 per centum of the average salary multiplied by so much of the remainder of his total service as exceeds ten years: *Provided*, That the annuity shall not exceed 80 per centum

of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least five years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit covering his last five years of civilian service, and (3) has served as a congressional employee during the last eleven months of his civilian service: *Provided further*, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(c) The annuity of a Member retiring under this Act shall be an amount equal to—

"(1) $2\frac{1}{2}$ per centum of the average salary multiplied by the total of his Member and creditable military service;

"(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude;

"(3) $1\frac{1}{2}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as does not exceed five years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude;

"(4) $1\frac{3}{4}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds five years but does not exceed ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude; and

"(5) 2 per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

In no case shall an annuity computed under this subsection exceed 80 per centum of the basic salary that he is receiving at the time of such separation from the service, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d) or a Member retiring under the first or second sentence of section 6 (f), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee or Member is under the age of sixty years at date of separation.

"(e) The annuity of an employee retiring under section 6 (c) shall be 2 per centum of the average salary multiplied by the total service: *Provided*, That the annuity shall not exceed 80 per centum of the average salary.

"(f) The annuity as hereinbefore provided shall be reduced by 10 per centum of any deposit described in section 4 (c) remaining unpaid, unless the employee or Member shall elect to eliminate the service

involved for purposes of annuity computation.

"(g) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (1). The annuity of the employee or Member making such election, excluding any increase because of retirement under section 7, shall be reduced by 2½ per centum of so much of the portion thereof designated under section 10 (a) (1) as does not exceed \$2,400 and by 10 per centum of so much of the portion so designated as exceeds \$2,400.

"(h) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 per centum of an annuity computed as provided in section 9 and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

"(i) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Commission or The Alaska Railroad in the Territory of Alaska between March 12, 1914, and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

"Survivor annuities

"SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a wife or husband designated under section 9 (g) such wife or husband shall be paid an annuity equal to 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, as is designated in writing for such purpose by such Member or employee at the time he makes the election provided for by section 9 (g).

"(2) An annuity computed under this subsection shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

"(b) The annuity of a survivor designated under section 9 (h) shall be 50 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death.

"(c) If an employee dies after completing at least five years of civilian service, or a Member dies after completing at least five years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 per centum of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon death or

remarriage of the widow or widower, or upon the widower's becoming capable of self-support.

"(d) If an employee dies after completing five years of civilian service or a Member dies after completing five years of Member service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.

"(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to one-half of the deferred annuity of such Member beginning the first day of the month following the death of such Member and terminating upon the death or remarriage of such surviving wife or husband or (2) may elect to receive a lump sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

"Lump-sum benefits

"SEC. 11. (a) Any employee or Member who is separated from the service, or is transferred to a position wherein he does not continue subject to this Act, shall be paid the lump-sum credit provided his separation or transfer occurs and application for payment is filed with the Commission at least thirty-one days before the earliest commencing date of any annuity for which he is eligible. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act. This subsection shall also apply to any employee or Member separated prior to the effective date of the Civil Service Retirement Act Amendments of 1956 after completing at least twenty years of civilian service.

"(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

"(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by the employee or Member in a

writing received in the Commission prior to his death;

"Second, if there be no such beneficiary, to the widow or widower of the employee or Member;

"Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation;

"Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member;

"Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

"(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

"(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

"(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

"(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

"Additional annuities

"SEC. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 per centum of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unrefunded contributions, plus interest at 3 per centum per annum compounded annually to date of separation or transfer to a position not within the purview of this Act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death, whichever is earlier.

"(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of fifty-five years at the date of retirement.

"(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50 per centum of his reduced additional annuity. The additional annuity of the employee or Member making such election shall

be reduced by 10 per centum, and by 5 per centum for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

"(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this Act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the commencing date of annuity.

"(e) If any present or former employee or Member not retired dies, the voluntary contribution account shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the difference shall be paid under the provisions of section 11 (c).

"Reemployment of annuitants

"SEC. 13. (a) Notwithstanding any other provision of law, an annuitant heretofore or hereafter retired under this Act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

"(b) If an annuitant under this Act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, (2) an annuitant whose annuity was based upon an involuntary separation from the service, excluding a separation under the automatic separation provisions of this Act, or (3) a Member retired under this Act) hereafter becomes employed, or on the date of enactment of the Civil Service Retirement Act Amendments of 1956 is serving, in an appointive or elective position, his service on and after the date he was or is so employed shall be covered by this Act. No deductions for the fund shall be withheld from his salary, but there shall be deducted from his salary, except for lump-sum leave payment purposes under the Act of December 21, 1944, a sum equal to the annuity allocable to the period of actual employment, and this provision concerning the lump-sum leave payments shall also be effective in the case of each retired employee separated from reemployment after December 15, 1953, and before the effective date of the Civil Service Retirement Act Amendments of 1956: *Provided*, That if such annuitant serves on a full-time basis for at least one year in employment not excluding him under section 2 (b) from coverage, (1) his annuity upon termination of employment shall be increased by an annuity computed under subsections (a), (b), (d), (e), and (f) of section 9 as may apply based upon the period of and the basic salary (before deduction) averaged during such employment, and (2) his lump-sum credit shall not be reduced by annuity paid during such employment. The employment of an annuitant under this subsection shall not operate to create an annuity for or in any manner affect the annuity of any survivor.

"(c) If a Member heretofore or hereafter retired under this Act hereafter becomes employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: *Provided*, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his serv-

ice as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity: *Provided further*, That this subsection shall not apply to a Member appointed by the President of the United States to a position not requiring confirmation by the Senate.

"Payment of benefits

"SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

"(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age or disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence on the day following the day on which salary shall cease provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an employee or Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

"(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this Act occurs.

"(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect.

"(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who in the judgment of the Commission is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person.

"Exemption from legal processes

"SEC. 15. (a) None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

"(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this Act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there be any withholding of recovery of any moneys mentioned in this Act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

"Administration

"SEC. 16. (a) This Act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the

purpose of carrying the provisions of this Act into full force and effect.

"(b) Applications under this Act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this Act.

"(c) Questions of dependency and disability arising under this Act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this Act, and may suspend or deny any such annuity for failure to submit to any such examination.

"(d) An appeal to Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be prescribed by the Commission.

"(e) Fees for examinations made under the provisions of this Act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this Act.

"(f) The Commission shall publish an annual report upon the operations of this Act and shall include in each such report a statement with respect to the status of the fund on a normal cost plus interest basis.

"(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters referred to it by the Commission, and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of five years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such members as are in the employ of the United States, shall be fixed by the Commission.

"Civil service retirement and disability fund

"SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act.

"(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

"(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

"(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for

purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

"(e) The Commission shall submit estimates of the appropriations necessary to finance the fund on a normal cost plus interest basis and to continue this Act in full force and effect.

"Short title

"SEC. 18. This act may be cited as the "Civil Service Retirement Act."

"Members of faculty of Naval Academy

"SEC. 402. (a) On and after the effective date of this title persons employed as members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School shall be included within the terms of the Civil Service Retirement Act, and on and after that date the Act of January 16, 1936 (49 Stat. 1092), as amended, shall not apply to such persons.

"(b) In lieu of the deposit prescribed by section 4 (c) of the Civil Service Retirement Act, an employee who by virtue of subsection (a) is included within the terms of such Act shall deposit, for service rendered prior to the effective date of this title as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School, a sum equal to so much of the repurchase price of his annuity policy carried as required by the Act of January 16, 1936, as amended, as is based on the monthly allotments which were registered with the Navy Allotment Office toward the purchase of that annuity, the deposit to be made within six months after the effective date of this title. Should the deposit not be made within that period no credit shall be allowed under the Civil Service Retirement Act for service rendered as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School subsequent to July 31, 1920, and prior to the effective date of this title. If the deposit is made, such service shall be held and considered to be service during which the employee was subject to the Civil Service Retirement Act.

"Continuation of prior rights

"SEC. 403. Except as otherwise provided, the amendments made by this title shall not apply in the case of employees or Members retired or otherwise separated prior to its effective date, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted. In the case of any Member heretofore separated with title to an annuity under the Act of May 29, 1930, as amended, the annuity of such Member and of any survivor of such Member shall be computed, and shall be paid only from and after the effective date of this title, as if the Act of August 11, 1955 (69 Stat. 692), had been in effect on the date of the separation of such Member.

"Vice President

"SEC. 404. In the case of any person holding the office of Vice President on the effective date of this title, service performed in such office shall be considered service during which he was subject to the Civil Service Retirement Act for the purpose of section 3 (g) thereof.

"Forfeiture of annuities of persons remaining outside United States to avoid prosecution

"SEC. 405. The Act entitled 'An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes', approved September 1, 1954 (68 Stat. 1142), is amended by adding at the end of section 2 thereof a new subsection as follows:

"(c) In any case in which, after the date of enactment of this subsection, any person under indictment for any offense within the purview of the first section of this Act wilfully remains outside the United States, its Territories, and possessions, for a period in excess of one year with knowledge of such indictment, no annuity or retired pay shall be paid, for any period subsequent to the end of such one-year period to such person or to the survivor or beneficiary of such person, on the basis of the service of such person, as an officer or employee of the Government unless and until a nolle prosequi to the entire indictment is entered upon the record or such person returns and thereafter the indictment is dismissed or after trial by court the accused is found not guilty of the offense or offenses charged in the indictment."

"Effective date

"SEC. 406. This title shall take effect on the first day of the first month which begins more than sixty days after the date of enactment of this Act.

"Short title

"SEC. 407. This title may be cited as the 'Civil Service Retirement Act Amendments of 1956.'

"TITLE V—ADDITIONAL SCIENTIFIC AND PROFESSIONAL POSITIONS

"SEC. 501. (a) Subsections (a) and (b) of the first section of the Act of August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth Congress), as amended, are amended to read as follows: '(a) the Secretary of Defense is authorized to establish and fix the compensation for not more than one hundred and twenty positions in the Department of Defense and not more than twenty-five positions in the National Security Agency, each such position being established to effectuate those research and development functions, relating to the national defense, military and naval medicine, and any and all other activities of the Department of Defense and the National Security Agency, as the case may be, which require the services of specially qualified scientific or professional personnel.

"(b) The Chairman of the National Advisory Committee for Aeronautics is authorized to establish and fix the compensation for, in the headquarters and research stations of the National Advisory Committee for Aeronautics, not to exceed thirty positions in the professional and scientific service, each such position being established in order to enable the National Advisory Committee for Aeronautics to secure and retain the services of specially qualified personnel necessary in the discharge of the duty of the Committee to supervise and direct the scientific study of the problems of flight with a view to their practical solution."

"(b) Nothing contained in the amendment made to such Act of August 1, 1947, by subsection (a) of this section shall affect any position existing under authority of subsection (a) of the first section of such Act of August 1, 1947, as in effect immediately prior

to the effective date of such amendment, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is taken under authority of subsection (a) of such first section of such Act of August 1, 1947, as contained in the amendment made by subsection (a) of this section.

"SEC. 502. Section 505 (b) of the Classification Act of 1949, as amended (69 Stat. 179; 5 U. S. C., sec. 1105), is amended to read as follows:

"(b) Subject to subsections (c), (d), and (e) of this section, a majority of the Civil Service Commissioners are authorized to establish and, from time to time, revise the maximum numbers of positions (not to exceed twelve hundred and twenty-six) which may be in grades 16, 17, and 18 of the General Schedule at any one time, except that under such authority such maximum number of positions shall not exceed three hundred and twenty-nine for grade 17 and one hundred and thirty for grade 18."

"SEC. 503. (a) The United States Civil Service Commission, the Librarian of Congress, the Comptroller General of the United States, and the Director of the Federal Bureau of Investigation of the Department of Justice, respectively, with respect to those positions within the purview of subsections (b), (c), (d), and (e), respectively, of section 505 of the Classification Act of 1949, as amended, and the appropriate authority, with respect to those positions under jurisdiction of such authority which are allocated to or placed in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949, as amended (including such positions so allocated or placed on a temporary or present incumbency basis), under any provision of law (including any reorganization plan) other than the above-specified subsections, which is in effect on or after the date of enactment of this subsection, shall submit, so long as such provision of law or reorganization plan remains in effect, to the Congress, not later than February 1 of each year, a report which sets forth—

"(1) the total number of such positions allocated to or placed in all of such grades during the immediately preceding calendar year, the total number of such positions allocated to or placed in each of such grades during such immediately preceding calendar year, and the total number of such positions in existence during such immediately preceding calendar year and the grades to or in which such total number of positions in existence are allocated or placed,

"(2) the name, rate of compensation, and description of the qualifications of each incumbent of each such position, together with the position title and a statement of the duties and responsibilities performed by each such incumbent,

"(3) the position or positions in or outside the Federal Government held by each such incumbent, and his rate or rates of compensation, during the five-year period immediately preceding the date of appointment of each such incumbent to such position, and

"(4) such other information as the Commission, officer, or other appropriate authority submitting such report may deem appropriate or which may be required by the Congress or a committee thereof.

"Nothing contained in this subsection shall require the resubmission of any information required under paragraphs (2) and (3) of this subsection which has been reported pursuant to this subsection and which remains unchanged.

"(b) In any instance in which the Commission, officer, or other appropriate authority so required to submit such report may find full public disclosure of any or all of the above-specified items to be detrimental to

the national security, such Commission, officer, or authority is authorized—

"(1) to omit in such annual report those items with respect to which full public disclosure is found to be detrimental to the national security,

"(2) to inform the Congress of such omission, and

"(3) at the request of any congressional committee to which such report is referred, to present all information concerning such items.

"And the Senate agree to the same."

TOM MURRAY,
EDWARD H. REES,
JAMES H. MORRISON,

Managers on the Part of the House.

OLIN D. JOHNSTON,
JOHN O. PASTORE,
FRANK CARLSON,
WILLIAM E. JENNER,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment and that the Senate agree to the same.

The conference substitute consists of five titles:

- (1) Title I. Executive Pay
- (2) Title II. Terms of Civil Service Commissioners and Succession to Duties of Chairman
- (3) Title III. Miscellaneous Provisions
- (4) Title IV. Civil Service Retirement
- (5) Title V. Scientific and Professional Positions

The House bill related only to executive pay.

TITLE I. EXECUTIVE PAY

Title I of the conference substitute establishes salary levels for Cabinet officers, sub-Cabinet officers, and other executives of the Federal Government generally conforming to the salary levels for such officials provided by the bill as passed by the House. The salary levels for Cabinet officers (\$25,000), for the Under Secretary of State, the Deputy Secretary of Defense, the Director, Office of Defense Mobilization, the Director, Bureau of the Budget, and the Comptroller General (\$22,500), and for the Secretaries of the Army, Navy, and Air Force (\$22,000), are the same as in the House bill.

Principal differences in the conference substitute and the bill as passed by the House are: (1) Chairmen of major boards and commissions are in salary level of \$20,500 under the conference substitute, compared to levels of \$19,500 and \$20,000 in the House bill and (2) Assistant Secretaries of executive and military departments (including Assistant Postmasters General), administrators of certain bureaus and agencies, and members of major boards and commissions are placed in the \$20,000 salary level under the conference substitute, compared to a salary level of \$19,000 in the House bill. The salaries of governors of Territories and possessions are placed at \$19,000 under the conference substitute.

The conference substitute establishes a proper alignment between salaries of Cabinet

officers, sub-Cabinet officers, and the heads of the various agencies, independent establishments, and bureaus in accordance with the level of the duties and responsibilities of such positions.

The Senate amendment provided for the establishment of specified numbers of administrative assistants and other secretaries or immediate staff assistants in the White House Office. The conferees on the part of the House agreed to the total number of such positions as contained in the Senate amendment, and the conference substitute approves such positions without regard to the assignment and distribution thereof.

In accordance with the bill as passed by the House, the conference substitute increases the maximum salaries under the Classification Act of 1949 (grade GS-18) and under the Postal Field Service Compensation Act of 1955 (salary level 20) from \$14,800 to \$16,000, with appropriate adjustments in salary steps for the immediate lower grade and levels provided in those acts. Maximum salaries for chief medical officers and assistants in the Veterans' Administration are increased, under the conference substitute and the bill as passed by the House, to maintain the existing relationship between such salaries and the salaries of other Government officials and of classified and postal field service positions.

TITLE II. TERMS OF CIVIL SERVICE COMMISSIONERS AND SUCCESSION TO DUTIES OF CHAIRMAN

Title II of the conference substitute establishes 6-year, staggered terms of office for United States Civil Service Commissioners; provides for designation by the President of a Vice Chairman of the Commission; and provides a line of succession to perform the duties and responsibilities of the Chairman of the Civil Service Commission by the Vice Chairman, in the absence of the Chairman, and by the other member of the Commission in the absence of the Chairman and Vice Chairman. The bill as passed by the House contained no such provision. However, this provision of the conference substitute is identical to the recommendation of the House committee in House Report No. 1844 with respect to the terms of office of Civil Service Commissioners and succession to the responsibilities of Chairman of the Commission in his absence.

TITLE III. MISCELLANEOUS PROVISIONS

Title III of the conference substitute provides for the appointment by the President, by and with the advice and consent of the Senate, of a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, and a General Counsel of the Department of Health, Education, and Welfare to replace the existing offices of the chief legal officers of such Departments, which will be abolished. The House bill contained no such provision.

The Senate amendment authorized the Director of the Administrative Office of the United States Courts to place a total of 4 positions in grade GS-18 of the general schedule of the Classification Act of 1949, and provided that the positions of 7 directors of commodity offices, Commodity Stabilization Service, Department of Agriculture, shall be in grade GS-16 of such schedule. The bill as passed by the House contained no such provisions. The conference substitute does not contain such provisions, but increases by 11 positions the total number of super-grade positions which a majority of the Civil Service Commissioners are authorized to place in appropriate grades of the general schedule. It is the understanding of the committee on conference that the Civil Service Commission will immediately consider the 11 positions in question to determine if they merit these grades.

Three positions allocated by the Senate bill in grade 18 for deputy administrators for the Agricultural Research Service are con-

tained in the conference substitute. The bill as passed by the House contained no such provision.

TITLE IV. CIVIL SERVICE RETIREMENT

The conference substitute contains a complete revision of the Civil Service Retirement Act of May 29, 1930. The House bill contained no such provision.

The conference substitute greatly liberalizes retirement benefits of Federal employees. The cost to the Government of the added benefits is estimated at \$310 million a year. The major new employee benefits provided by the conference substitute are:

Annuities will be computed at (a) 2 percent of the high average salary multiplied by all years of service in excess of 10 plus 1½ percent of such salary multiplied by the first 5 years of service, plus 1¼ percent of the years of service from 5 to 10, or (b) 1 percent of high average salary, plus \$25, multiplied by total years of service, whichever is greater. Under present law annuities are computed on the basis of 1½ percent of high average salary, or 1 percent of such salary plus \$25, multiplied by total years of service, whichever is greater.

The annuity of an employee electing a survivor annuity will be reduced by 2½ percent of the first \$2,400 and 10 percent of the balance. The present reduction is 5 percent of the first \$1,500 and 10 percent of the balance.

Optional retirement is authorized at age 62 after 5 years of service, with the right to elect survivor benefits. Present law provides an annuity after 5 years of service, but requires 15 years of service for election of survivor benefits.

The present right to retire on a reduced annuity at age 55 after 30 years of service is continued.

The reduction factor for retirement before reaching age 60 is changed from 3 percent a year to 1 percent for each year the retiring employee is under age 60 and 2 percent for each year under age 55.

Disability benefits are liberalized by providing a minimum of 40 percent of the average salary, or the annuity which would have been earned at age 60, whichever is the lesser.

An annuity is granted upon involuntary separation after attaining the age of 50 years with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service, regardless of age, is continued.

Upon death of an employee after 5 years of service, or of a retired employee, the surviving widow or widower will receive an annuity equal to 50 percent of the earned annuity of the decedent, beginning the first month after such death.

Survivor annuities of children of an employee who dies after 5 years of service, or of a retired employee who dies, are increased by an average of 150 percent.

An annuitant who is reemployed and serves at least 1 full-time year on active duty in a position covered by the Retirement Act will receive an annuity based on his reemployed service as well as his annuity based on the original retirement. Any lump-sum leave credit will not be reduced by reason of annuity paid to him during reemployment.

Members of the civilian faculties of the Naval Academy and Naval Postgraduate School, and United States commissioners who meet certain tests of minimum compensation and service, are brought into the civil service retirement system.

Status of civil-service retirement fund

In the judgment of the managers on the part of the House, the conference substitute is both generous and realistic. It provides greatly liberalized retirement benefits and at the same time improves the financial soundness of the civil-service retirement fund.

The financial condition of the retirement fund has deeply concerned the House Post Office and Civil Service Committee for some time past. Recommendations of the com-

mittee based on its extensive study of methods of financing the fund were presented to the House and printed in House Report No. 1844, 84th Congress.

The committee found that there are three essentials to proper financing of the retirement fund. They are (1) employee contributions to the fund in amounts related to benefits provided and to recognized standards for a staff annuity system, (2) equal contributions to the fund by the Government as a payroll cost of each department and agency, and (3) appropriations by the Government to the fund in amounts which, when added to such contributions by the employees and matching contributions by the Government, will place in the fund each year the sum required to maintain it on a "normal cost plus interest" basis.

The normal cost-plus-interest basis for financing the retirement fund is defined in the conference substitute. In brief, it requires appropriations to the retirement fund each year to cover that part of the Government's share of accrued normal costs for the current year which are not met by the matching contributions of the departments and agencies and, in addition, interest on the past deficiency of the fund. When added to the contributions of the employees and of the departments and agencies, such appropriations will maintain the fund on a sound basis and the present deficit (\$13,435,000,000 at June 30, 1955) will not be further increased.

The Civil Service Commission estimates that upon approval of the conference substitute an appropriation of approximately \$555 million will be required each fiscal year to maintain the retirement fund on a normal cost-plus-interest basis. The fund also will receive \$582 million from employee deductions and a like amount from contributions by the departments and agencies.

The normal cost plus interest method of financing the retirement fund is recommended by the board of actuaries of the civil service retirement and disability fund, by the Committee on Retirement Policy for Federal Personnel (created by Public Law 555, 82d Cong., to study all Federal retirement systems) and by independent actuarial and retirement authorities. It is the traditional basis of appropriation estimates by the Civil Service Commission for financing the fund.

It is emphasized that the major portion of the past deficiency, on which the Government pays interest, results from two factors—first, the "starting load" when the retirement system was first established, that is, the requirement to pay annuities based on long periods of service during which little or no contributions were made by the employees being retired under the system, and second, numerous increases in benefits throughout the years since with no accompanying provision for adequate financing. This condition necessitates the adoption of a firm basis for financing the retirement fund which will prevent further increase in the deficiency. The conference substitute contains the three essentials for financing the retirement fund on a normal cost plus interest basis, which will accomplish this purpose. It requires employees' contributions of 6½ percent of salary and matching contributions by the departments and agencies. It directs the Civil Service Commission to submit annual estimates of appropriations necessary to finance the fund on a normal cost plus interest basis and to continue the retirement system in full force and effect.

These and certain other fiscal adjustments provided by the conference substitute will greatly strengthen the financing of the retirement fund and assure its soundness in the future. The benefits granted by the conference substitute are the maximum benefits that could be granted Federal employees within the limits of sound financing.

The conference substitute authorizes the Secretary of Defense to establish not more than 120 scientific and professional positions (in lieu of 45 now authorized) in the Department of Defense and not more than 25 such positions in the National Security Agency, to carry out research and development functions relating to national defense and military and naval medicine. It authorizes the Chairman of the National Advisory Committee for Aeronautics to establish 30 such positions in his agency. A salary range of \$12,500 to \$19,000 is established for such positions by title I of the conference substitute. The bill as passed by the House contained no such provision. However, the House in this Congress already has passed H. R. 11040, to create a substantially larger number of such positions. It is expected that the need for additional positions of this type will be reexamined early in the next Congress.

The conference substitute also increases, from 1,200 to 1,226, the maximum number of positions in grades 16, 17, and 18 of the general schedule in the Classification Act of 1949 which a majority of the Civil Service Commissioners are authorized to establish in accordance with that act. The existing provision for reports by the Civil Service Commission to Congress on the total number of such positions and the number thereof in each supergrade, contained in the Senate amendment, is replaced in the conference substitute by a requirement for reports to Congress by the Commission, and by other authorities authorized to establish like positions, setting forth, in addition to such information, information with respect to qualifications of incumbents of these positions and other information that is deemed appropriate or required by the Congress or a committee thereof.

The language in the conference substitute is identical to many sections of S. 2875, as reported to the House, and in other respects to the language contained in the bill as it passed the Senate. In this respect attention is directed to a more complete analysis in House Report No. 2854 and Senate Report No. 1787, reports on S. 2875.

TOM MURRAY,

EDWARD H. REES,

JAMES H. MORRISON,

Managers on the Part of the House.

Mr. MURRAY of Tennessee. Mr. Speaker, I call up the conference report on the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

Mr. REES of Kansas. Mr. Speaker, this conference agreement represents one of the most substantial liberalizations of the Federal employees retirement system. Annuities of present employees and their widows will be increased by about 25 percent and those of children by 150 percent.

The last major revision of the Federal employees retirement system was made in 1948, in the 80th Congress, at which time I had the honor to be chairman of the committee that developed many of the programs which this piece of legislation improves. In 1948, for the first time we provided survivors' benefits for widows and children of Federal employees. Before that time there had been no survivor benefits for children and widows of Federal employees. These benefits are greatly liberalized by this legislation.

Under this bill a retiring employee may provide an annuity for his widow by merely taking a reduction of 2½ percent on the first \$2,400 of his annuity and 10 percent on all above that as compared to the present 5 percent on the first \$1,500 and 10 percent on all over that.

One of the major improvements made by this legislation is a revision of the formula for computing the annuity of those Federal employees who are retiring. Today an employee receives 1½ percent on highest 5-year average salary multiplied by his years of service. Under the bill he will receive 1½ percent for the first 5 years, 1¾ percent for the next 5 years, and 2 percent for the remainder of his service.

Another major benefit in the bill affects those employees who retire at ages less than 60. Presently the reduction formula for each year under 60 is 3 percent per year. Under the bill it will be 1 percent for each year under 60, and 2 percent for each year under 55.

Another major benefit is a provision for a minimum annuity of 40 percent of an employee's average annual salary if retired for disability regardless of age.

Still another provision will permit an employee with 20 years' service and age 50 to receive an immediate annuity if involuntarily separated. The retirement at 25 years at any age at involuntary separation is retained. This provision is particularly important because it permits employees with 20 years' service at age 50 to retire and retain their Government insurance at the full face value until age 65 with no cost to them. The 30-year, age 55 retirement provision in present law is retained in the conference bill.

The bill (S. 2875) which the House Committee on Post Office and Civil Service reported last week with language I drafted, while not considered by the House as a whole, was very beneficial in the conference. A large portion of its language, provisions and policies is contained in the conference bill.

I can assure the Members that the employees will be pleased with the provisions of this bill. If you could have seen the smiles and congratulations coming from the officials of the employee organizations you would surely appreciate their satisfaction with its provisions.

I can assure the Members that all provisions of this bill have been thoroughly considered in conference. I firmly believe that it is a good bill and represents a major advance in the modernization of laws affecting all Federal employees.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

(Mr. MURRAY of Tennessee asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MURRAY of Tennessee. Mr. Speaker, the conference agreement on

H. R. 7619 contains a number of major bills added to a bill which passed the House last session and which was limited to the adjustment of the rates of compensation for the heads of the executive departments and agencies.

The Senate added four more titles in addition to executive pay, as follows:

Title I, executive pay.

Title II, terms of Civil Service Commissioners and succession to duties of Chairman.

Title III, miscellaneous provisions.

Title IV, civil-service retirement.

Title V, scientific and professional positions.

I will discuss the major points contained in the conference agreement consecutively as they appear in the bill.

Title I relates to executive pay. It establishes salary levels for Cabinet officers at \$25,000 per annum, for the Under Secretary of State, the Deputy Secretary of Defense, Director, Office of Defense Mobilization, Director, Bureau of the Budget, and the Comptroller General at \$22,500, and for the Secretaries of the Army, Navy, and Air Force at \$22,000.

Salaries for the chairmen of major boards and commissions is placed at \$20,500, Assistant Secretaries of executive and military departments, including Assistant Postmasters General, administrators of certain bureaus and agencies, and members of major boards and commissions at \$20,000, and salaries of governors of Territories and possessions at \$19,000 per annum.

The conference agreement establishes a proper alinement between salaries of Cabinet officers, sub-Cabinet officers, and the heads of the various agencies, independent establishments, and bureaus in accordance with the level of the duties and responsibilities of such positions.

It also increases the maximum salaries under the Classification Act of 1949—GS-18—and under the Postal Field Service Compensation Act of 1955—salary level 20—from \$14,800 to \$16,000, with appropriate adjustments in salary steps for the immediate lower grade and levels provided in those acts.

Maximum salaries for chief medical officers and assistants in the Veterans' Administration are increased to maintain the existing relationship between their salaries and the salaries of other Government officials and of classified and postal field service positions.

Title II establishes the terms of Civil Service Commissioners as a 6-year staggered term of office and also provides for a line of succession to the Chairmanship through the other Commissioners in the absence of the Chairman.

Title III provides for the appointment by the President, by and with the advice of the Senate, of General Counsels of the Post Office Department, Department of Agriculture, and Health, Education, and Welfare, to replace the existing offices of the chief legal officers of those Departments.

Title IV contains a complete revision of the Civil Service Retirement Act of May 29, 1930. It liberalizes retirement benefits of Federal employees. The cost to the Government of the added benefits is estimated at \$345 million a year, \$35 million of which will be absorbed as

the net result of increased employees' contributions. The major new employee benefits provided by the conference agreement are:

At the present time, civil service annuities are based upon 1½ percent of the highest average annual salary over a period of 5 consecutive years times the total years of service. This bill will change that formula so that it will be 1½ percent for the first 5 years of service, 1¾ percent for the next 5 years of service, and 2 percent for the remainder, multiplied by the years of service.

The annuity of an employee electing a survivor annuity will be reduced by 2½ percent of the first \$2,400 and 10 percent of the balance. The present reduction is 5 percent of the first \$1,500 and 10 percent of the balance.

Optional retirement is authorized at age 62 after 5 years of service, with the right to elect survivor benefits. Present law provides an annuity after 5 years of service, but requires 15 years of service for election of survivor benefits.

The present right to retire on a reduced annuity at age 55 after 30 years of service is continued.

The reduction factor for retirement before reaching age 60 is changed from 3 percent a year to 1 percent for each year the retiring employee is under age 60 and 2 percent for each year under age 55.

Disability benefits are liberalized by providing a minimum of 40 percent of the average salary, or the annuity which would have been earned at age 60, whichever is the lesser.

An annuity is granted upon involuntary separation after attaining the age of 50 years with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service, regardless of age, is continued.

Upon death of an employee after 5 years of service, or of a retired employee, the surviving widow or widower will receive an annuity equal to 50 percent of the earned annuity of the decedent, beginning the first month after such death.

Survivor annuities of children of an employee who dies after 5 years of service, or of a retired employee who dies, are increased by an average of 150 percent.

An annuitant who is reemployed and serves at least 1 full-time year on active duty in a position covered by the Retirement Act will receive an annuity based on his reemployed service as well as his annuity based on the original retirement. Any lump-sum leave credit will not be reduced by reason of annuity paid to him during reemployment.

Members of the civilian faculties of the Naval Academy and Naval Postgraduate School, and United States Commissioners who meet certain tests of minimum compensation and service, are brought into the civil-service retirement system. Contributions of the employees will be 6½ percent and Members 7½ percent.

STATUS OF CIVIL SERVICE RETIREMENT FUND

In the judgment of the managers on the part of the House, the conference agreement is both generous and realistic. It provides liberalized retirement benefits and at the same time improves

the financial soundness of the civil-service retirement fund.

The financial condition of the retirement fund has deeply concerned the House Post Office and Civil Service Committee for some time past. Recommendations of the committee based on its extensive study of methods of financing the fund were presented to the House and printed in House Report No. 1844, 84th Congress.

The committee found that there are three essentials to proper financing of the retirement fund. They are, first, employee contributions to the fund in amounts related to benefits provided and to recognized standards for a staff annuity system; second, equal contributions to the fund by the Government as a payroll cost of each department and agency; and, third, appropriations by the Government to the fund in amounts which, when added to such contributions by the employees and matching contributions by the Government, will place in the fund each year the sum required to maintain it on a normal cost-plus-interest basis.

The normal cost-plus-interest basis for financing the retirement fund is defined in the conference agreement. In brief, it requires appropriations to the retirement fund each year to cover that part of the Government's share of accrued normal costs for the current year which are not met by the matching contributions of the departments and agencies and, in addition, interest on the past deficiency of the fund. When added to the contributions of the employees and of the departments and agencies, such appropriations will maintain the fund on a sound basis and the present deficit—\$13,435,000,000 at June 30, 1955—will not be further increased.

The language in the conference agreement is identical to many sections of S. 2875, as reported to the House, and in other respects to the language contained in the bill as it passed the Senate. In this respect attention is directed to a more complete analysis in House Report No. 2854 and Senate Report No. 1787, reports on S. 2875.

AMENDING TITLE II OF SOCIAL SECURITY ACT

Mr. COOPER submitted the following conference report and statement on the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 2936)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continua-

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ture to release certain restrictions on the real property heretofore conveyed to the West Marks Baptist Church of Quitman, Miss. This bill will now be sent to the President. p. 13725

21. POINT-OF-ORDER BILL. Passed without amendment H. R. 11682, providing permanent legislation for various provisions heretofore authorized by appropriation acts, authorizing a Forest Service working capital fund, etc. This bill will now be sent to the President. p. 13636
22. POULTRY INSPECTION. Sen. Murray spoke in favor of mandatory poultry inspection and inserted a magazine article on this subject. p. 13628
Sen. Morse spoke in favor of such inspection and inserted an article on the matter. p. 13896
- ELECTRIFICATION; and Sen. Neuberger
23. RECLAMATION. Sen. Morse inserted articles favoring the Hells Canyon Dam. pp. 13897, 13625
24. FARM PROGRAM. Sen. Martin, Iowa, praised the Administration's farm policies and inserted his statement, "Fifty Facts for Farmers." p. 13773
- Both Houses*
25. PERSONNEL. Agreed to a concurrent resolution to correct certain clerical errors in H. R. 7619, the executive pay and retirement bill. p. 13775, 13854
26. EXPENDITURES; PERSONNEL. Sen. Byrd submitted the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for June. p. 13617
27. MINING CLAIMS. Concurred in the House amendments to S. 3941, relating to certain mining claims which were eligible for validation under the act of Aug. 12, 1953, but which were not validated solely because of failure of the owners to take certain action to protect their claims within the prescribed period. This bill will now be sent to the President. p. 13743
28. SURPLUS COMMODITIES. Sen. Stennis commended the program of using foreign currencies received from the sale of surplus agricultural commodities in the construction of foreign military family housing, and suggested the possibility of enlarging the program. p. 13709
29. MONOPOLIES. The Judiciary Committee reported with amendments H. R. 9424, to amend the Clayton Act by requiring prior notification of corporate mergers (S. Rept. 2817). p. 13616
The Small Business Committee submitted its report on the study of fair trade (S. Rept. 2819). p. 13617
30. BUDGET BUREAU. Both Houses passed without amendment S. J. Res. 199, to authorize an additional position of Assistant Director of the Bureau of the Budget (pp. 13734, 13937). This joint resolution had been reported by the Senate Post Office and Civil Service Committee without amendment earlier in the day (S. Rept. 2824)(p. 13616). This measure will now be sent to the President.
31. ELECTRIFICATION. Sen. Humphrey inserted a statement and commented on the extent of the Government's investment in hydroelectric public power. p. 13757
32. COTTON. Sen. Stennis inserted his statement concerning the problem of cotton textile import. p. 13710

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Oreg. This bill will now be sent to the President. An identical bill, H. R. 7726, was laid on the table. p. 13824

Passed without amendment S. 3227, to authorize the Little Wood River project, Idaho. This bill will now be sent to the President. Earlier in the day agreed to a resolution for consideration of H. R. 7850, a companion bill, which was then laid on the table. pp. 13837, 13910

10. REPORTS were received from the Government Operations Committee as follows:
Civil Defense and National Survival (H. Rept. 2946)
Availability of information from departments and agencies (H. Rept. 2947)
Improper use of Government equipment and personnel (H. Rept. 2948)
Federal role in aviation (H. Rept. 2949)
Purchase-resale transactions of Commodity Credit Corp. (H. Rept. 2952)
Operations of Federal Bureau of Public Roads (H. Rept. 2953). p. 13959

SENATE

11. MUTUAL SECURITY APPROPRIATION BILL, 1957. Agreed to the conference report on this bill, H. R. 12130. This bill will now be sent to the President. Sen. Hayden inserted a table showing the amounts in the bill as passed by the House and Senate and as agreed to in conference. p. 13788
12. APPROPRIATIONS. Sen. Hayden inserted a table reflecting the action of the House and Senate on the regular and supplemental appropriation bills in the 2nd session of the 84th Congress. p. 13790
13. FLOOD CONTROL. Both Houses received and agreed to the conference report on H. R. 12080, the omnibus Army flood control bill. This bill will now be sent to the President. p. 13777
14. HOUSING. Both Houses agreed to the conference report on H. R. 11742, to extend and amend housing laws, including farm housing provisions. This bill will now be sent to the President. pp. 13782, 13854, 13925
15. FLOOD INSURANCE. Both Houses agreed to the conference report on S. 3732, to provide insurance against flood damage. This bill will now be sent to the President. pp. 13788, 13934, 13872
16. SOCIAL SECURITY. Agreed to the conference report on H. R. 7225, the social security bill. This bill will now be sent to the President. p. 13791
17. FISHERIES; WILDLIFE. Agreed to the conference report on S. 3275, the fisheries-wildlife bill (see item 4 above). This bill will now be sent to the President. p. 13637
18. FARM LABOR. Passed with amendment H. R. 6888, providing for admission into the U. S. of certain aliens skilled in sheepherding. p. 13680
19. PROPERTY; TAXATION. Debated, but did not take final action on, S. 4183, to authorize payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property. pp. 13712, 13718, 13731, 13733, 13735, 13743, 13762
20. LAND TRANSFER. Agreed to the House amendment to S. 2585, authorizing exchange of land at the Beltsville Research Center. The amendment exempts the Coneross watershed project, S. C., from congressional review. This bill will now be sent to the President. p. 13709
- Passed without amendment H. R. 9640, to require the Secretary of Agricul-

under the Eisenhower administration increased from \$44 million in fiscal 1953 to \$93.5 million in 1954 and \$89.2 million in 1955.

35. Farmers' Home Administration loan service has been expedited through simplification of procedures, elimination of unnecessary forms, and delegation of more authority to the county level.

36. The Great Plains program was developed in 1955—and action is underway. Land classification in the more hazardous soil areas is being speeded up. Maps will be available to serve as a guide to proper land use. The Agricultural Conservation Program now more strongly encourages proper land use and shares the cost of making needed adjustments.

37. The rural electrification program is moving forward vigorously. More power is being used by consumers serviced by REA borrowers than ever before and it is available at the lowest average cost in REA history. Processing of loans has been speeded up to a point where the backlog of applications is down to \$90 million, the lowest since World War II.

38. The rural telephone program is being expanded at a record rate. In fiscal 1956 borrowers received loans totaling \$81 million, the largest total for any year since this program started in 1949. There has been substantial progress in bringing down the cost of rural telephone facilities.

LEGISLATIVE ADVANCES

39. Farmers are sharing in the Eisenhower administration's tax reduction of 1954. The Republican 83d Congress approved legislation giving a general reduction in taxes on incomes and, especially for farmers, provided accelerated tax write-offs on grain storage facilities and machinery, and also permitted income-tax deductions for the costs of certain soil-conservation practices.

40. The Republican 83d Congress extended social-security coverage to farm families in 1954. For years farmers had helped to pay the cost of this program but not until the Eisenhower administration have they been permitted to share in the benefits.

41. Budget for agricultural extension and education increased \$1,350,000 in the 4 years prior to 1953 under the preceding administration. The increase has been \$19,964,000—nearly 15 times as much—in the 4 years of the Eisenhower administration.

42. Agricultural research budget increased \$1,984,000 in the 4 years prior to 1953. Research to aid farmers increased \$45,795,000 in the past 4 years.

43. The Farm Credit Administration was returned to the management of farmers and again established as an independent system under the Eisenhower administration.

44. Soil conservation assistance and promotion of soil building have been expanded. There is a closer cooperation between the Soil Conservation Service and the Agricultural Conservation Program Service, and the SCS is furnishing technical help to a record number of districts. The amount of soil conservation applied by farmers in 1955 was 10 percent above 1952.

45. New and expanded water-management programs have been put into effect. Under the Watershed Protection and Flood Prevention Act passed in 1954, and other legislation, 550 local watershed groups in 46 States have applied to the Department for assistance. The SCS has authorized planning in 172 of these watersheds in 45 States. Land treatment and construction operations have been authorized on 16 projects. From October 1, 1954, to November 4, 1955, \$21 million in loans were made available under the new Farmers' Home Administration soil and water conservation-loan program.

46. New highs in timber production from

the national forests have been set with more protection to timber owned by farmers.

47. The number of complete meals served under the national school-lunch program during fiscal year 1956 was approximately 1.6 billion, an increase of 600 million meals over the 1 billion served in fiscal year 1951. Approximately 1.4 billion half-pints of milk were served in 62,000 schools participating in the special milk program during fiscal year 1956. The average daily consumption of milk under the program reached a peak of 8.6 million half-pints in February.

48. A 15-point program to aid low-income farm families was started in 1955—the rural-development program. Over 27 States have reported long-term rural development type work or plans for special programs. In some 20 States about 40 pilot counties have been officially designated. An additional 9 States are planning to identify areas for pilot programs. The original plan called for at least 50 pilot counties.

49. The Eisenhower administration ended 30 years of inaction on the St. Lawrence seaway. Construction is now going forward on this major project which will provide lower transportation costs for farm products.

50. The Eisenhower administration is vigorously attacking the farm surplus problem on two major fronts. The soil bank is being placed in operation as a means of bringing production into better balance with current needs, and at the same time building up land fertility against future requirements. This program could have been applied on a much broader basis this year had not the Democrat leadership delayed action until farmers had already planted spring crops. Surpluses accumulated under past programs are being moved as rapidly as possible into channels of consumption at home and abroad.

AUTHORITY FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE TO FILE A REPORT DURING ADJOURNMENT

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the Committee on Post Office and Civil Service be permitted to file its report of an investigation under the authority of Senate Resolution 153 during the period of the adjournment.

I wish it to be understood that the report will be filed only after the Senator from Kansas [Mr. CARLSON] and I have considered the matter, or after consultation with the committee staff representative of the Senator from Kansas. I wish it to be plainly understood that I have such an agreement with the Senator from Kansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS

Mr. JOHNSTON of South Carolina. Mr. President, I submit House Concurrent Resolution 275, which relates to H. R. 7619, which was passed by the Senate. The resolution provides only for the correction of certain grammatical errors in the bill. I ask that the resolution be read.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enroll-

ment of the bill (H. R. 7619) to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, the Clerk of the House is authorized and directed to make the following corrections:

In section 104 (a), strike out subsection (b) following section 104 (a) (4) and insert the said subsection (b) immediately preceding section 105.

In section 118, strike out "116" and insert "117."

In section 9 (d) of the amendment made by section 401, strike out "first or second" and insert in lieu thereof "second or third."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 275) was considered and agreed to.

COVERAGE OF EMPLOYEES OF GALLAUDET COLLEGE WITHIN FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

Mr. JOHNSTON of South Carolina. Mr. President, the House has returned H. R. 3489 with the request that section 3 be stricken from the bill, thus leaving only sections 1 and 2. The bill which passed the Senate contained 3 sections, but since the House has stricken section 3, which was an amendment of the Senate, it was thought better to have sections 1 and 2 than to have no bill at all.

I ask unanimous consent that the Senate reconsider the vote by which the bill was passed, and that the amendment of the Senate be disagreed to.

The PRESIDING OFFICER. Without objection, the vote by which H. R. 3489 was passed will be reconsidered.

Without objection, the amendment of the Senate will be disagreed to.

Without objection, the bill without the amendment is passed.

DISPOSAL OF REMAINING ASSETS SEIZED UNDER THE TRADING WITH THE ENEMY ACT

The PRESIDING OFFICER (Mr. HUMPHREYS of Kentucky in the chair), laid before the Senate the amendment of the House of Representatives to the bill (S. 2226) to authorize the Attorney General to dispose of the remaining assets seized under the Trading With the Enemy Act prior to December 18, 1941, which was on page 5, line 19, after "court," to insert the following:

This subsection shall not apply in the case of any lien, attachment, garnishment, trustee process or execution, or any order or decree of any court, arising out of any action which was pending or had been decided on or before July 1, 1956.

Mr. JOHNSTON of South Carolina. Mr. President, the House has made a small amendment to S. 2226. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CONVEYANCE OF CERTAIN SHOSHONE AND ARAPAHO TRIBAL LANDS TO THE UNITED STATES— CONFERENCE REPORT

Mr. O'MAHONEY. I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3467) to authorize the conveyance of tribal lands from the Shoshone Indian Tribe and the Arapaho Indian Tribe of the Wind River Reservation in Wyoming to the United States. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. HUMPHREYS of Kentucky in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SALTONSTALL. Mr. President, may I ask the Senator from Wyoming if the report was unanimously agreed to?

Mr. O'MAHONEY. It was agreed to by a majority of the committee of conference.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

JUAN JOSE MOYA RAMIREZ

The PRESIDING OFFICER (Mr. HUMPHREYS of Kentucky in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1012) for the relief of Juan Jose Moya Ramirez, which were after line 12, to insert:

SEC. 2. For the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, George Nakamura, shall be held and considered to be the natural-born alien child of Richard H. Johannes, a citizen of the United States; and, notwithstanding the provisions of section 212 (a) (6) of the Immigration and Nationality Act, George Nakamura may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such act, under such conditions and controls as the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act.

And to amend the title so as to read: "An act for the relief of Juan Jose Moya Ramirez and George Nakamura."

Mr. CLEMENTS. Mr. President, on July 25, 1955, the Senate passed S. 1012 which cancelled the outstanding deportation proceeding in behalf of the beneficiary of the bill. On July 27, 1956, the House of Representatives passed S. 1012 with an amendment to include the beneficiary of an individual bill (H. R. 11830) which would facilitate the admission into the United States of the minor adopted child of a United States citizen.

The amendment is acceptable, and I move that the Senate concur in the House amendment to S. 1012.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the bill (S. 3227) to authorize the Secretary of the Interior to construct, operate, and maintain the Little Wood River reclamation project, Idaho.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3467) to authorize the conveyance of tribal lands from the Shoshone Indian Tribe and the Arapahoe Indian Tribe of the Wind River Reservation in Wyoming to the United States.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12080) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

The message also announced that the House had passed a bill (H. R. 11123) to authorize the Secretary of the Interior to acquire certain additional property to be included within the Independence National Historical Park in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 11123) to authorize the Secretary of the Interior to acquire certain additional property to be included within the Independence National Historical Park, was read twice by its title and referred to the Committee on Interior and Insular Affairs.

NOMINATION OF POSTMASTER AT INDIANAPOLIS, IND.

Mr. CAPEHART. Mr. President, I invite the attention of the distinguished senior Senator from South Carolina.

I hold in my hand what I presume will be the last list of confirmations of nominations of postmasters. I fail to find approval of the confirmation of the nomination of the postmaster at Indianapolis, Ind., a Mr. Smith.

I simply wish to say that I am extremely disappointed. Mr. Smith is a career man who has been working for the Post Office Department for many, many years. I have received a large number of telephone calls, letters, and telegrams from employees of the post office urging the confirmation of his nomination.

His nomination has been before the committee for many weeks and months. Yet I fail to find that the confirmation of the nomination has been recommended by the committee.

I also have in mind the nominee at Mount Vernon, Ind., where lives a very outstanding Legionnaire, a man who served his country well in World War II, who has been on the list for weeks and weeks. I fail to find either of those two nominations on the list for confirmation.

I feel obliged to make a record in behalf of not only those two gentlemen but others equally important, whose nominations have not been reported by the Committee on Post Office and Civil Service.

I want the RECORD to show, and I want Senators to know, I am very much disappointed about this. I do not understand why the confirmation of the nomination of a postmaster in the largest city of Indiana, Indianapolis, should be held up for weeks and months and months. He is a career man. He has worked for the post office for many years. In fact, if my recollection serves me correctly, he has worked for the post office 25 years. For some unknown reason the confirmation of the nomination of that gentleman has not been approved by the committee. I want the Senate to know that I do not understand it, and I am sure my colleague from Indiana [Mr. JENNER] does not understand it.

I do not want to go back to the people of Indiana and Indianapolis tomorrow, after the Congress adjourns, without having made the statement I am making here tonight. I do not understand it, and I hope the nominations of the postmaster at Indianapolis and of postmasters at two other places in Indiana will be confirmed in the early part of next year. I do not understand why they have not been confirmed up to now. Perhaps the chairman of the committee can enlighten me as to why they have not been confirmed.

Mr. IVES. Mr. President, I assume the Senator from South Carolina should like to reply; and, with the understanding that I retain my right to the floor, I yield to him for that purpose.

Mr. JOHNSTON of South Carolina. Mr. President, in reply to the Senator from Indiana, I hope, before we adjourn, to put in the RECORD the number of nominations for postmasters that have been before the committee of this Congress. The Senator will find that number is between 2,000 and 3,500. The Senator will find that this is more than twice as many as were confirmed in the 80th Congress. We make it a rule not to delay confirmations if both Senators from a State do not oppose the confirmation. We have tried to follow that rule.

Mr. CAPEHART. Both Senators from Indiana have approved the nomination of this gentleman from Indiana.

Mr. JOHNSTON of South Carolina. Of course, where the committee finds good and sufficient reason for objecting to a nomination, that is done.

Mr. CAPEHART. I just wanted the RECORD to show that I feel very deeply concerned over the failure to confirm the nomination of this gentleman from Indianapolis.

Mr. JOHNSTON of South Carolina subsequently said: Mr. President, the Senator from Indiana [Mr. CAPEHART] has questioned the committee in regard to the confirmation of postmaster nomi-

bers who have spoken may revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. BONNER. Mr. Chairman, I ask unanimous consent that all Members may be permitted to extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. There being no further requests for time the Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit private universities and colleges in the several States and Territories of the United States for such purposes, including the establishment of scholarships, as may be necessary to promote the education and training of professionally trained personnel (including technicians and teachers) needed in the field of commercial fishing. Any amount appropriated for the purposes of this section shall be apportioned on an equitable basis, as determined by the Secretary of the Interior, among the several States and Territories for the purpose of making grants within each such State and Territory. In making such apportionment the Secretary of the Interior shall take into account the extent of the fishing industry within each State and Territory as compared with the total fishing industry of the United States (including Territories), and such other factors as may be relevant in view of the purposes of this section. The Secretary of the Interior may establish such guides and curricula for educational courses as may be necessary for the purposes of this section.

(b) There are authorized to be appropriated not in excess of \$550,000 for the fiscal year beginning on July 1, 1956, and for each fiscal year thereafter for the purposes of this section.

(c) The Secretary of the Interior may establish such regulations as may be necessary to carry out the provisions of this section.

With the following committee amendments:

Page 1, line 7, following the word "purposes", delete ", including the establishment of scholarships."

Page 1, line 9, following the word "including", insert "scientists."

Page 2, line 10, delete the words, "The Secretary of."

Page 2, lines 11, 12, and 13, delete in entirety.

The committee amendments were agreed to.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there are a few questions I should like to ask concerning this legislation, which calls for the spending of \$1 million a year in perpetuity to teach people about fish and how to catch them. We have had numerous explanations, but what do you propose to do; train people how to catch fish, train technicians, or what? What is the purpose of the bill?

Mr. BONNER. The bill speaks for itself. It is to prepare men for scientific

studies in the propagation and study of fish and fish life, just as you prepare men in other vocations. In addition to other things, the bill carries an extension of the program in high-school work, for young men who may be interested in this subject.

Mr. GROSS. I want to get at that, too. What is going to be the educational requirement? There are no basic requirements or standards in this bill.

Mr. BONNER. The gentleman knows what was done in the agricultural colleges, to prepare the county agents and people of that kind, to know more about agriculture. This bill has the same purpose, to teach young men something about fish and fish life, just as in the extension course in the agricultural college.

Mr. GROSS. One of the gentlemen who preceded me, and spoke in behalf of the measure, said that with immigration having reduced, fishermen were not coming from foreign countries to this country. To the contrary, immigration has been increased, but is the purpose of this bill to teach people how to catch fish or to do just what?

Mr. BONNER. It would imply all of those things, yes; to study the movement of fish in deep water, exploration of places where fish go, and how to go about getting more fish.

Mr. GROSS. Did not the House just the other day pass a bill providing for a brand new Assistant Secretary in the Department of the Interior to head up the Fish and Wildlife Service; and was there not a Division of Fishing Industry created there for the first time? And is there not going to be a Director appointed over there and a number of technical and scientific employees?

Mr. BONNER. Mr. Chairman, I am delighted the chairman asked that question. It is difficult to get the right kind of people, people properly qualified in the Fish and Wildlife Service, to carry out the authorizations and appropriations that we have made. The purpose here is to bring up young men who will be qualified in this field. In one State they had a large river that became very much polluted, or something happened to it, and the fish were dying by the thousands.

Mr. GROSS. Is this a stream-pollution bill or a bill to teach people how to catch fish?

Mr. BONNER. If the gentleman would wait a minute, I should be glad to tell him. We had one man, an ichthyologist, to go there and make a study. It would take 3 or 4 years to make that kind of a study. We finally got this man to that place, and he is in great demand all over the country.

Mr. GROSS. Mr. Chairman, I am not very much impressed by that argument.

Mr. BONNER. I am sorry.

Mr. GROSS. The gentleman has not yet answered my question as to whether you are going to try to train people to catch fish or whether you are going to train technicians, scientific people, and so forth. Let me ask the gentleman this question: Where is this money going to be expended?

Mr. MILLER of California. Mr. Chairman, would the gentleman yield to me?

Mr. GROSS. I yield to the gentleman from California.

Mr. MILLER of California. As far as specific institutions are concerned, I do not know where it will go any more than we knew when we established the agricultural program in this country. Let me say in all sincerity to the gentleman who has raised some very interesting questions that I did say that immigration had been cut off and that that took away from us people who used to come to this country, who were fishermen. We have to train men from the ground up in the business, just as we had to train people in agriculture.

The gentleman has a great agricultural school at Ames, Iowa. We have a great one in California. There is not a State that does not have a great agricultural school. They are pouring people continuously into the field of agriculture.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. GROSS asked and was given permission to proceed for 5 additional minutes.)

Mr. GROSS. I yield further to the gentleman from California.

Mr. MILLER of California. Then we have schools in vocational training which we can use in this program, to teach people, for instance, how to make nets; for instance, there is the field of refrigeration in the fishing industry, where we lack trained people. I am just trying to think of a few practical examples. The same type of problems existed in agriculture when we had to train people to go out and do scientific work in that field.

Mr. GROSS. If this bill is for the purpose of teaching people how to make fish nets, we are getting far afield and might be reckless with the taxpayers' money.

Mr. BONNER. Mr. Chairman, would the gentleman yield to me again?

Mr. GROSS. I yield to the gentleman.

Mr. BONNER. If the gentleman will read the bill he will see on page 1, line 2—and this is in answer to the gentleman's question—

That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit private universities and colleges in the several States and Territories of the United States—

For the following purposes. Now that is the purpose of the bill.

Mr. GROSS. Are you going to establish a course in fishing at the Iowa State College?

Mr. BONNER. Is the gentleman's college interested in getting a grant or a scholarship for this purpose?

Mr. GROSS. The gentleman knows the answer is that there would not be a course in fishing established there because there is not money enough in this bill to begin to go around, if courses in fishing were dished out to all the State colleges and universities in the United States.

As to vocational training, the State of Iowa carries its full share of the cost

but the States benefited by this bill would make no contribution whatever.

Mr. BONNER. I agree with the gentleman there is not enough money to spread around to all the States.

Mr. GROSS. Why does not the fishing industry take an interest in this training and defray part or all of the cost?

This is a strange committee report. The report on page 1 deals with this bill, and then from page 2 on it deals with tariffs and the distress of the New England textile industry.

I sympathize with the New England textile industry. It is having a hard time there days, but to the people of New England who are having this trouble I would say, "If most of your Representatives were not voting to spend so much money on the foreign WPA extravaganza, teaching people in foreign countries and providing them with the machinery to make and export textiles, you would not be in the trouble you are in now." Join me next year in cutting the foreign handout bill, and you will not be in so much trouble with your industries.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman was told this was a bill to teach people how to catch fish. I understood it was to teach them how and where and when not to catch fish, so that the fish could grow larger and happy families to be caught later. Will the gentleman follow that up with these experts? I thought it was to teach people how and where and when not to get the fish.

Mr. GROSS. I thank the gentleman, but I still cannot tell the gentleman just what this bill proposes to do.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to my friend from New York.

Mr. PILLION. Will the gentleman tell us whether or not there has been any request from the various conservation departments of the 48 States for this money?

Mr. GROSS. I certainly have had no request from the Department of Conservation of Iowa for this legislation.

Mr. PILLION. Can anyone tell us how many research scientists we will need in the next 10 years in the various State conservation departments, and whether or not this \$1 million per year is enough or too much to fill the needs of the 48 States and the Federal Fish and Wildlife Service?

Mr. GROSS. Perhaps the gentleman from North Carolina or the gentleman from Washington can tell the gentleman. I certainly cannot answer the question.

Mr. Chairman, I submit that a valid case for this legislation has not been made. It wraps around the necks of all the taxpayers a bill of \$1 million a year for all time, plus the millions that will be spent through the new Division of Fisheries in the Department of the Interior. This is ridiculous and reckless legislation of which we already have too much in this session of Congress.

If there is not to be a rollcall vote, let the record show my vote against this bill.

The Clerk read as follows:

SEC. 2. (a) Section 3 (a) of the Vocational Education Act of 1946 is amended by inserting after paragraph (4) the following new paragraph:

"(5) \$375,000 for vocational education in the fishery trades and industry and distributive occupations therein, to be apportioned for expenditure in the several States and Territories on an equitable basis, as determined by the United States Commissioner of Education after consultation with the Secretary of the Interior, taking into account the extent of the fishing industry of each State and Territory as compared with the total fishing industry of the United States (including Territories)."

(b) Section 3 (b) of such act is amended by striking out "paragraphs (1) to (4)" and inserting in lieu thereof "paragraphs (1) to (5)."

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. HAYS of Arkansas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 10433) to promote the fishing industry in the United States and its Territories by providing for the training of needed personnel for such industry, pursuant to House Resolution No. 612, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I ask for a division.

IMPROVEMENT OF HOUSING AND CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

The SPEAKER. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11742) to extend and amend laws relating to the provision and development of urban communities, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, RAINS, WOLCOTT, GAMBLE, and TALLE.

CORRECTIONS IN H. R. 7619

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. MURRAY].

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent for the immediate consideration of a concurrent resolution (H. Con. Res. 275), which I send to the Clerk's desk.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 7619), to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, the Clerk of the House is authorized and directed to make the following corrections:

In section 104 (a), strike out subsection (b) following section 104 (a) (4) and insert the said subsection (b) immediately preceding section 105.

In section 118, strike out "116" and insert "117."

In section 9 (d) of the amendment made by section 401, strike out "first or second" and insert in lieu thereof "second or third."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING TRAINING OF NEEDED PERSONNEL FOR FISHING INDUSTRY

The SPEAKER. The question is on the passage of the bill H. R. 10433. The gentleman from Iowa [Mr. GROSS] has asked for a division.

The question was taken; and on a division (demanded by Mr. GROSS) there were—yeas 28, nays 37.

So the bill was passed.

A motion to reconsider was laid on the table.

Mr. BONNER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2379) to promote the fishing industry in the United States and its Territories by providing for the training of needed personnel for such industry, which is a similar bill to the bill just passed by the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit private universities and colleges in the several States and Territories of the United States for such purposes, including the establishment of scholarships, as may be necessary to promote the education and training of professionally trained personnel (including scientists, technicians, and teachers) needed in the field of commercial fisheries. Any amount appropriated for the purposes of this section shall be apportioned on an equitable basis, as determined by the Secretary of the

Public Law 854 - 84th Congress
Chapter 804 - 2d Session
H. R. 7619

AN ACT

All 70 Stat. 736.

To adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—BASIC COMPENSATION FOR HEADS OF EXECUTIVE DEPARTMENTS AND OTHER FEDERAL OFFICIALS

Federal Executive Pay Act of 1956.

SEC. 101. This title may be cited as "Federal Executive Pay Act of 1956".

SEC. 102. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$25,000.

Annual rates of basic compensation.

- (1) Secretary of State.
- (2) Secretary of the Treasury.
- (3) Secretary of Defense.
- (4) Attorney General.
- (5) Postmaster General.
- (6) Secretary of the Interior.
- (7) Secretary of Agriculture.
- (8) Secretary of Commerce.
- (9) Secretary of Labor.
- (10) Secretary of Health, Education, and Welfare.

SEC. 103. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,500.

- (1) Director of the Bureau of the Budget.
- (2) Comptroller General of the United States.
- (3) Director, Office of Defense Mobilization.
- (4) Under Secretary of State.
- (5) Deputy Secretary of Defense.

(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$22,000.

- (1) Secretary of the Army.
- (2) Secretary of the Navy.
- (3) Secretary of the Air Force.

SEC. 104. (a) The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$21,000.

- (1) Commissioner of Internal Revenue.
- (2) Director of Central Intelligence.
- (3) Director of the Federal Bureau of Investigation.
- (4) Administrator of the Federal Civil Defense Administration.
- (5) Administrator of General Services.
- (6) Administrator of the Housing and Home Finance Agency.
- (7) Administrator of Veterans' Affairs.
- (8) Director of the International Cooperation Administration.
- (9) Director of the United States Information Agency.
- (10) Governor of the Farm Credit Administration.
- (11) President of the Export-Import Bank of Washington.
- (12) Under Secretary of the Treasury.
- (13) Under Secretary of the Treasury for Monetary Affairs.
- (14) Deputy Postmaster General.
- (15) Under Secretary of the Interior.
- (16) Under Secretary of Agriculture.
- (17) Under Secretary of Commerce.
- (18) Under Secretary of Commerce for Transportation.

Director of
FBI.

(19) Under Secretary of Labor.

(20) Under Secretary of Health, Education, and Welfare.

(b) Notwithstanding the provisions of subsection (a), the annual rate of basic compensation of the Director of the Federal Bureau of Investigation shall be \$22,000 so long as such office is held by the present incumbent.

SEC. 105. The annual rate of basic compensation of each of the offices or positions listed in this section shall be \$20,500.

(1) Chairman, Civil Aeronautics Board.

(2) Chairman of the United States Civil Service Commission.

(3) Chairman of the Council of Economic Advisers.

(4) Chairman, Federal Communications Commission.

(5) Chairman, Board of Directors, Federal Deposit Insurance Corporation.

(6) Chairman of the Federal Maritime Board.

(7) Chairman, Federal Power Commission.

(8) Chairman, Board of Governors of the Federal Reserve System.

(9) Chairman, Federal Trade Commission.

(10) Chairman, Foreign Claims Settlement Commission of the United States.

(11) Chairman of the Federal Home Loan Bank Board.

(12) Chairman, Interstate Commerce Commission.

(13) Chairman, National Labor Relations Board.

(14) Chairman, National Mediation Board.

(15) Chairman, Railroad Retirement Board.

(16) Chairman of the Renegotiation Board.

(17) Chairman, Securities and Exchange Commission.

(18) Chairman, Subversive Activities Control Board.

(19) Chairman, Board of Directors of the Tennessee Valley Authority.

(20) Chairman, United States Tariff Commission.

(21) Comptroller of the Currency.

(22) Assistant Comptroller General of the United States.

(23) Deputy Administrator of the Federal Civil Defense Administration.

(24) Deputy Administrator of Veterans' Affairs.

(25) Deputy Director of the Bureau of the Budget.

(26) Deputy Director of Central Intelligence.

(27) Deputy Director of the Office of Defense Mobilization.

(28) Deputy Director of the United States Information Agency.

(29) Deputy Under Secretary of the Department of State (3).

(30) Director of the Federal Mediation and Conciliation Service.

(31) First Vice President of the Export-Import Bank of Washington.

SEC. 106. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$20,000.

(1) Administrator, Bureau of Security and Consular Affairs, Department of State.

(2) Administrator of Civil Aeronautics.

(3) Administrator, Commodity Stabilization Service.

(4) Administrator of the Rural Electrification Administration.

(5) Administrator of the Small Business Administration.

(6) Administrator of the Saint Lawrence Seaway Development Corporation.

(7) Administrator, Wage and Hour and Public Contracts Divisions, Department of Labor.

(8) Archivist of the United States.

(9) Assistant Directors of the Bureau of the Budget (2).

(10) Assistant Postmasters General (5).

- (11) Assistant Secretaries of Agriculture (3).
- (12) Assistant Secretaries of Commerce (3).
- (13) Assistant Secretaries of Defense (9).
- (14) Assistant Secretaries of Health, Education, and Welfare (2).
- (15) Assistant Secretaries of the Interior (3).
- (16) Assistant Secretaries of Labor (3).
- (17) Assistant Secretaries of State (10).
- (18) Assistant Secretaries of the Treasury (3).
- (19) Assistant Secretaries of the Air Force (4).
- (20) Assistant Secretaries of the Army (4).
- (21) Assistant Secretaries of the Navy (4).
- (22) Associate Director of the Federal Bureau of Investigation.
- (23) Chairman of the Military Liaison Committee to the Atomic Energy Commission, Department of Defense.
- (24) Commissioner, Community Facilities, Housing and Home Finance Agency.
- (25) Commissioner, Federal Housing Administration.
- (26) Commissioner, Public Housing Administration.
- (27) Commissioner, Urban Renewal Administration.
- (28) Counselor of the Department of State.
- (29) Deputy Administrator of the Housing and Home Finance Agency.
- (30) Deputy Administrator of General Services.
- (31) Director of the Administrative Office of the United States Courts.
- (32) Director of the Bureau of Prisons.
- (33) Director of the National Advisory Committee for Aeronautics.
- (34) Director of the National Science Foundation.
- (35) Director of Selective Service.
- (36) Fiscal Assistant Secretary of the Treasury.
- (37) General Counsel of the National Labor Relations Board.
- (38) Librarian of Congress.
- (39) President of the Federal National Mortgage Association.
- (40) Public Printer.
- (41) Special Assistant to the Secretary (Health and Medical Affairs), Department of Health, Education, and Welfare.
- (42) Under Secretary of the Army.
- (43) Under Secretary of the Navy.
- (44) Under Secretary of the Air Force.
- (45) Members of boards and commissions (excluding chairmen):
 - Civil Aeronautics Board (4).
 - United States Civil Service Commission (2).
 - Council of Economic Advisers (2).
 - Board of Directors of the Export-Import Bank of Washington (3).
 - Federal Communications Commission (6).
 - Federal Deposit Insurance Corporation (1).
 - Board of Governors of the Federal Reserve System (6).
 - Federal Maritime Board (2).
 - Foreign Claims Settlement Commission of the United States (2).
 - Federal Power Commission (4).
 - Federal Trade Commission (4).
 - Federal Home Loan Bank Board (2).
 - Interstate Commerce Commission (10).
 - National Labor Relations Board (4).
 - National Mediation Board (2).
 - Railroad Retirement Board (2).
 - Renegotiation Board (4).
 - Securities and Exchange Commission (4).

Subversive Activities Control Board (4).

Board of Directors of the Tennessee Valley Authority (2).

United States Tariff Commission (5).

(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$19,000.

(1) Architect of the Capitol.

(2) Assistant to the Director of the Federal Bureau of Investigation.

(3) Commissioner of the United States Court of Claims (12).

(4) Governor of Alaska.

(5) Governor of the Canal Zone.

(6) Governor of Guam.

(7) Governor of Hawaii.

(8) Governor of the Virgin Islands.

(9) Legal adviser, solicitor, or general counsel of an executive or military department (excluding the Department of Justice).

(c) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$18,000.

(1) Commissioner of the Indian Claims Commission (3).

SEC. 107. (a) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,500.

(1) Administrator, Agricultural Research Service, Department of Agriculture.

(2) Administrator, Bonneville Power Administration.

(3) Administrator, Farmers' Home Administration.

(4) Administrator, Soil Conservation Service, Department of Agriculture.

(5) Assistant Architect of the Capitol.

(6) Assistant Director of the Administrative Office of the United States Courts.

(7) Associate Director of the Federal Mediation and Conciliation Service.

(8) Chief Assistant Librarian of Congress.

(9) Chief Forester of the Forest Service, Department of Agriculture.

(10) Chief of Staff of the Joint Committee on Internal Revenue Taxation.

(11) Commissioner of Customs.

(12) Commissioner, Federal Supply Service, General Services Administration.

(13) Commissioner of Immigration and Naturalization.

(14) Commissioner of Narcotics.

(15) Commissioner, Public Buildings Service.

(16) Commissioner of Public Roads.

(17) Commissioner of Reclamation.

(18) Commissioner of Social Security.

(19) Deputy Administrator of the Saint Lawrence Seaway Development Corporation.

(20) Deputy Commissioner of the Internal Revenue Service.

(21) Deputy Public Printer.

(22) Manager, Federal Crop Insurance Corporation, Department of Agriculture.

(b) The annual rate of basic compensation of each of the offices or positions listed in this subsection shall be \$17,000.

(1) Deputy Administrator, Small Business Administration (3).

(2) Treasurer of the United States.

SEC. 108. Except as otherwise specifically provided in this title, the chairman or other head of each independent board or commission in the executive branch shall receive, during the period of his service as

Chairman, independent board or commission.

chairman or other head of such board or commission, annual basic compensation at a rate which is \$500 more than the annual rate of basic compensation prescribed by this title for the other members of such board or commission.

SEC. 109. Section 105 of title 3 of the United States Code is amended 62 Stat. 678. to read as follows:

“§ 105. Compensation of secretaries and executive, administrative, and staff assistants to President.

“The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of eight other secretaries or other immediate staff assistants in the White House Office, as follows: Two at rates not exceeding \$22,500 per annum, three at rates not exceeding \$21,000 per annum, seven at rates not exceeding \$20,000 per annum, and three at rates not exceeding \$17,500 per annum.”

SEC. 110. (a) The Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$20,000 per annum in addition to such allowances. 63 Stat. 802. 37 USC 231 note.

(b) The Deputy Surgeon General of the Public Health Service shall receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$19,000 per annum in addition to such allowances.

(c) The Director, National Institutes of Health, the Chief, Bureau of Medical Services, and the Chief, Bureau of State Services, of the Public Health Service, shall each receive such compensation, in addition to his pay and allowances under the Career Compensation Act of 1949, as amended, as will make his compensation equal to \$17,500 per annum in addition to such allowances.

SEC. 111. The annual compensation for each of the offices established by section 1 (d) of Reorganization Plan Numbered 7 of 1953, effective August 1, 1953 (67 Stat. 639) shall be established by the Secretary of State at a rate not more than \$19,000.

SEC. 112. Section 2 of Public Law 565, Seventy-ninth Congress, approved July 30, 1946 (60 Stat. 712), is amended by striking out “\$12,000” and inserting in lieu thereof “\$15,000”. 22 USC 287n.

SEC. 113. Section 527 (b) of the Mutual Security Act of 1954, approved August 26, 1954 (Public Law 665, Eighty-third Congress (68 Stat. 832)) is amended by striking out “\$15,000 per annum” and inserting in lieu thereof “\$19,000 per annum”. 22 USC 1787.

SEC. 114. (a) The compensation schedule for the General Schedule contained in section 603 (b) of the Classification Act of 1949, as amended, is amended by striking out: 63 Stat. 965. 5 USC 1113.

“GS-17-----	13, 975	14, 190	14, 405	14, 620
GS-18-----	14, 800”			

and inserting in lieu thereof:

“GS-17-----	13, 975	14, 190	14, 405	14, 620	14, 835
GS-18-----	16, 000”.				

(b) The rates of basic compensation of officers and employees to whom this section applies shall be initially adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a scheduled rate of grade 17 or 18 of the General Schedule, he shall receive a rate of basic compensation at the corresponding scheduled rate in effect on and after such date;

(2) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate between two scheduled rates of such grade, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date;

(3) If the officer or employee, immediately prior to the effective date of this section, is in a position in grade 17 of the General Schedule and is receiving basic compensation at a rate which is in excess of the maximum scheduled rate of his grade as provided in this section, he shall continue to receive such higher rate of basic compensation until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but when such position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such Act, as amended.

63 Stat. 954.
5 USC 1071
note.

69 Stat. 118.
39 USC 971.

SEC. 115. The Postal Field Service Schedule in section 301 (a) of the Act of June 10, 1955 (Public Law 68, 84th Congress), is amended by striking out:

"18-----	12, 500	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300
19-----	13, 600	13, 900	14, 200	14, 500	14, 800		
20-----	14, 800"						

and inserting in lieu thereof:

"18-----	12, 800	13, 100	13, 400	13, 700	14, 000	14, 300	14, 600
19-----	14, 000	14, 300	14, 600	14, 900	15, 200		
20-----	16, 000"						

59 Stat. 675.

SEC. 116. Section 3 of the Act of January 3, 1946, as amended (38 U. S. C. 15b), is hereby amended as follows:

(a) The last sentence of section 3 (b) is amended to read: "During the period of his service as such, the Chief Medical Director shall be paid a salary of \$17,800 a year."

(b) The last sentence of section 3 (c) is amended to read: "During the period of his service as such, the Deputy Chief Medical Director shall be paid a salary of \$16,800 a year."

(c) That portion of section 3 (d) which precedes the proviso is amended to read: "Each Assistant Chief Medical Director shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and shall be paid a salary of \$15,800."

5 USC 171p
and note.

SEC. 117. (a) The first section of the Act approved August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth Congress), as amended relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in certain departments and agencies, is amended by striking out "\$10,000" and "\$15,000" and inserting in lieu thereof "\$12,500" and "\$19,000", respectively.

64 Stat. 447.

(b) Section 208 (g) of the Public Health Service Act, as amended (42 U. S. C. 210 (g)), relating to salary limitations on research and development positions requiring the services of specially qualified scientific or professional personnel in the Public Health Service is amended by striking out "\$10,000" and "\$20,000" and inserting in lieu thereof "\$12,500" and "\$19,000", respectively.

SEC. 118. The salary amendments contained in section 117 shall not affect the authority of the Civil Service Commission or the procedure for fixing the pay of individual officers or employees under the statutes therein amended; except that the existing rate of basic compensation of any officer or employee to whom such section applies which is less than a rate of \$12,500 per annum shall be increased to such rate on the effective date of this title.

SEC. 119. Section 12 of the Act of May 29, 1884, as amended (21 U. S. C. 113a), relating to salary limitation on technical experts or scientists for research and study of foot-and-mouth disease and other animal diseases, is hereby amended by striking out "\$15,000" and inserting in lieu thereof "\$19,000". 62 Stat. 198.

SEC. 120. This title shall take effect at the beginning of the first pay period commencing after June 30, 1956. Effective date.

TITLE II—PROVISIONS RELATING TO ORGANIZATION OF CIVIL SERVICE COMMISSION

SEC. 201. (a) The first section of the Act entitled "An Act to regulate and improve the civil service of the United States", approved January 16, 1883, as amended (5 U. S. C., sec. 632), is amended by inserting immediately after the first paragraph thereof a paragraph as follows: 22 Stat. 403.

"The term of office of each such Commissioner shall be six years, except that (1) the terms of office of the Commissioners holding office on the effective date of this paragraph (including the term of office of an individual appointed to fill any vacancy in the Commission existing on such effective date) shall expire, as designated by the President, one at the end of two years, one at the end of four years, and one at the end of six years, after such effective date; (2) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term of his predecessor shall be appointed for the remainder of such term; and (3) upon the expiration of his term of office a Commissioner may continue to serve until his successor is appointed and has qualified."

(b) Such first section of such Act of January 16, 1883, is further amended by adding at the end thereof the following paragraph:

"In addition to designating a Chairman of the Commission from time to time, pursuant to section 1 of Reorganization Plan Numbered 5 of 1949, the President shall from time to time designate one of the Commissioners as Vice Chairman of the Commission. During the absence or disability of the Commissioner designated as Chairman, or in the event of a vacancy in the office of such Commissioner, the Commissioner designated as Vice Chairman shall perform those functions of the Chairman which were transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of such Reorganization Plan. During the absence or disability of both the Commissioner designated as Chairman and the Commissioner designated as Vice Chairman, or in the event of vacancies in the offices of both such Commissioners, the remaining Commissioner shall perform such functions. During the absence or disability of all three Commissioners, or in the event of vacancies in the offices of all three Commissioners, the Executive Director shall perform such functions; but the Executive Director shall at no time sit as a member or acting member of the Commission." 63 Stat. 1067. 5 USC 632 note.

SEC. 202. (a) This section and section 201 (b) shall take effect on the date of enactment of this Act. Effective dates.

(b) Section 201 (a) shall take effect on March 1, 1957.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. (a) The President shall hereafter appoint, by and with the advice and consent of the Senate, a General Counsel of the Post Office Department, a General Counsel of the Department of Agriculture, and a General Counsel of the Department of Health, Education, and Welfare. Appointment of certain General Counsels.

(b) The existing office of Solicitor of the Post Office Department and the existing offices of General Counsel of the Department of Agriculture and the Department of Health, Education, and Welfare, shall be abolished effective upon the appointment and qualification of the General Counsels of such respective departments provided for by subsection (a) or April 1, 1957, whichever is earlier.

SEC. 302. The positions of three Deputy Administrators of the Agricultural Research Service, Department of Agriculture, shall be in grade GS-18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505 (b) of such Act.

TITLE IV—CIVIL SERVICE RETIREMENT

SEC. 401. The Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:

"DEFINITIONS

"SECTION 1. Wherever used in this Act—

"Employee".

"(a) The term 'employee' shall mean a civilian officer or employee in or under the Government and, except for purposes of section 2, shall mean a person to whom this Act applies.

"Member".

"(b) The term 'Member' shall mean the Vice President, a United States Senator, Representative in Congress, Delegate from a Territory, or the Resident Commissioner from Puerto Rico, and, except for purposes of section 2, shall mean a Member to whom this Act applies.

"Congressional employee".

"(c) The term 'congressional employee' means an employee of the Senate or House of Representatives or of a committee of either House, an employee of a joint committee of the two Houses, an elected officer of the Senate or House of Representatives who is not a Member of either House, the Legislative Counsel of the Senate and the Legislative Counsel of the House of Representatives and the employees in their respective offices, an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, a member of the Capitol Police force, an employee of the Vice President if such employee's compensation is disbursed by the Secretary of the Senate, and an employee of a Member if such employee's compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives.

"Basic salary".

"(d) The term 'basic salary' shall not include bonuses, allowances, overtime pay, military pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation: *Provided*, That for employees paid on a fee basis, the maximum amount of basic salary which may be used shall be \$10,000 per annum. For a Member, the term 'basic salary' shall include, from April 1, 1954, to February 28, 1955, the amount received as expense allowance under section 601 (b) of the Legislative Reorganization Act of 1946, as amended, and such amount from January 3, 1953, to March 31, 1954, provided deposit is made therefor as provided in section 4.

"Average salary".

"(e) The term 'average salary' shall mean the largest annual rate resulting from averaging, over any period of five consecutive years of creditable service, or at a Member's option over all periods of Member service subsequent to the date of enactment of the Legislative Reorganization Act of 1946 used in the computation of an annuity under this Act, a Member's or an employee's rates of basic salary in effect during such period, with each rate weighted by the time it was in effect.

Ante, p. 740.

5 USC 1105.

Civil Service
Retirement Act
Amendments of
1956.

46 Stat. 468.

5 USC 691

note.

60 Stat. 850.

2 USC 31.

2 USC 72a

note.

"(f) The term 'fund' shall mean the civil service retirement and disability fund created by the Act of May 22, 1920. "Fund".

"(g) The terms 'disabled' and 'disability' shall mean totally disabled for useful and efficient service in the grade or class of position last occupied by the employee or Member by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part within the five years next prior to becoming so disabled. "Disability".

"(h) The term 'widow', for purposes of section 10, shall mean the surviving wife of an employee or Member who was married to such individual for at least two years immediately preceding his death or is the mother of issue by such marriage. "Widow".

"(i) The term 'widower', for purposes of section 10, shall mean the surviving husband of an employee or Member who was married to such employee or Member for at least two years immediately preceding her death or is the father of issue by such marriage. The term 'dependent widower', for purposes of section 10, shall mean a 'widower' who is incapable of self-support by reason of mental or physical disability, and who received more than one-half his support from such employee or Member. "Widower".

"(j) The term 'child', for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. "Child".

"(k) The term 'Government' shall mean the executive, judicial, and legislative branches of the United States Government, including Government-owned or controlled corporations and Gallaudet College, and the municipal government of the District of Columbia. "Government".

"(l) The term 'lump-sum credit' shall mean the unrefunded amount consisting of (1) the retirement deductions made from the basic salary of an employee or Member, (2) any sums deposited by an employee or Member covering prior service, and (3) interest on such deductions and deposits at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956 or, in the case of an employee separated or transferred to a position not within the purview of this Act before he has completed five years of civilian service or a Member separated before he has completed five years of Member service, to the date of the separation or transfer. The lump-sum credit shall not include interest if the service covered thereby aggregates one year or less, nor shall it include interest for the fractional part of a month in the total service. "Lump-sum credit".

"(m) The term 'Commission' shall mean the United States Civil Service Commission. "Commission".

"(n) The term 'annuitant' shall mean any former employee or Member who, on the basis of his service, has met all requirements of the Act for title to annuity and has filed claim therefor. "Annuitant".

"(o) The term 'survivor' shall mean a person who is entitled to annuity under this Act based on the service of a deceased employee or Member or of a deceased annuitant. "Survivor".

"(p) The term 'survivor annuitant' shall mean a survivor who has filed claim for annuity.

"(q) The term 'service' shall mean employment which is creditable under section 3. "Service".

"(r) The term 'military service' shall mean honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, but shall not include service in the National Guard except when ordered to active duty in the service of the United States. "Military service".

"Member
service".

"(s) The term 'Member service' shall mean service as a Member and shall include the period from the date of the beginning of the term for which the Member is elected or appointed to the date on which he takes office as a Member.

"COVERAGE

Nonapplicabil-
ity.

62 Stat. 907.

"SEC. 2. (a) This Act shall apply to each employee and Member, except as hereinafter provided.

"(b) This Act shall not apply to the President, to any judge of the United States as defined under section 451 of title 28 of the United States Code, or to any employee of the Government subject to another retirement system for Government employees.

"(c) This Act shall not apply to any Member or to any congressional employee until he gives notice in writing to the officer by whom his salary is paid of his desire to come within the purview of this Act.

"(d) This Act shall not apply to any temporary congressional employee unless such employee is appointed at an annual rate of salary and gives notice in writing to the officer by whom his salary is paid of his desire to come within the purview of this Act.

"(e) The Commission may exclude from the operation of this Act any employee or group of employees in the executive branch of the United States Government, or of the District of Columbia government upon recommendation by its Commissioners, whose tenure of office or employment is temporary or intermittent.

62 Stat. 915.

"(f) This Act shall not apply to any temporary employee of the Administrative Office of the United States Courts, of the courts specified in section 610 of title 28 of the United States Code, or to construction employees or any other temporary, part-time, or intermittent employees of the Tennessee Valley Authority; and the Architect of the Capitol and the Librarian of Congress are authorized to exclude from the operation of this Act any employees under the office of the Architect of the Capitol and the Library of Congress, respectively, whose tenure of employment is temporary or of uncertain duration.

"(g) Notwithstanding any other provision of law or any Executive order, this Act shall apply to each United States Commissioner whose total compensation for services rendered as United States Commissioner is not less than \$3,000 in each of the last three consecutive calendar years (1) ending prior to the effective date of the Civil Service Retirement Act Amendments of 1956 or (2) ending prior to the first day of any calendar year which begins after such effective date. For the purposes of this Act, the employment and compensation of each such United States Commissioner coming within the purview of this Act pursuant to this subsection shall be held and considered to be on a daily basis when actually employed; but nothing in this Act shall affect, otherwise than for the purposes of this Act, the basis, under applicable law other than this Act, on which such United States Commissioner is employed or on which his compensation is determined and paid.

"CREDITABLE SERVICE

Pan American
Sanitary
Bureau.

Military
service.

"SEC. 3. (a) An employee's service for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

"(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee or Member is awarded

retired pay on account of military service, his military service shall not be included, unless such retired pay is awarded on account of a service-connected disability (1) incurred in combat with an enemy of the United States or (2) caused by an instrumentality of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1 (a), part I, paragraph I, or is awarded under title III of Public Law 810, Eightieth Congress, except that for purposes of section 9 (c) (1), a Member (A) shall be allowed credit only for periods of military service not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (B) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

38 USC ch. 12A.
62 Stat. 1087.
10 USC 1036-
1036i.

“(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees’ Compensation Act of September 7, 1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

39 Stat. 742.
5 USC 751
et seq.

“(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act: *Provided*, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

“(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

Total service.

“(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

Eligibility.

“(g) An employee or Member must have, within the two-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. If any employee or Member, other than an employee or Member separated from the service by reason of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his salary during his period of service for which no eligibility for annuity is established based on such separation shall be returned to him upon such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

“(h) An employee who (1) has at least five years’ Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9 (c).

“(i) In the case of each United States Commissioner who comes within the purview of this Act pursuant to section 2 (g) of this Act,

U. S. Commission-
ers.

service rendered prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956 as United States Commissioner shall be credited for the purposes of this Act on the basis of one three-hundred-and-thirtieth of a year for each day on which such United States Commissioner renders service in such capacity and which is not credited for the purposes of this Act for service performed by him in any capacity other than United States Commissioner. Such credit shall not be granted for service rendered as United States Commissioner for more than three hundred and thirteen days in any one year.

Military service after Dec. 1956.

49 Stat. 623.
42 USC 402.

42 USC 416.

“(j) Notwithstanding any other provision of this section, any military service (other than military service covered by military leave with pay from a civilian position) performed by an individual after December 1956 shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the individual or widow such military service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits.

“DEDUCTIONS AND DEPOSITS

“SEC. 4. (a) From and after the first day of the first pay period which begins on or after the effective date of the Civil Service Retirement Act Amendments of 1956, there shall be deducted and withheld from each employee's basic salary an amount equal to 6½ per centum of such basic salary and from each Member's basic salary an amount equal to 7½ per centum of such basic salary. From and after the first day of the first pay period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section. Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.

Consent to deductions.

“(b) Each employee or Member shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the

period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which, for any reason whatsoever, no retirement deductions or deposits have been made, may deposit with interest an amount equal to the following percentages of his basic salary received for such service:

Deposits for
service after
July 31, 1920.

	Percentage of basic salary	Service period
Employee-----	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to June 30, 1948
	6-----	July 1, 1948, to October 31, 1956
	6½-----	After October 31, 1956
Member for Mem- ber service.	2½-----	August 1, 1920, to June 30, 1926
	3½-----	July 1, 1926, to June 30, 1942
	5-----	July 1, 1942, to August 1, 1946
	6-----	August 2, 1946, to October 31, 1956
	7½-----	After October 31, 1956

"(d) Each employee or Member who has received a refund of retirement deductions under this or any other retirement system established for employees of the Government covering service for which he may be allowed credit under this Act may deposit the amount received, with interest. No credit shall be allowed for the service covered by the refund until the deposit is made.

"(e) Interest under subsection (c) or (d) shall be computed from the midpoint of each service period included in the computation, or from the date refund was paid, to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually. Such deposit may be made in one or more installments.

"(f) Under such regulations as may be prescribed by the Commission, amounts deducted under subsection (a) and deposited under subsections (c) and (d) shall be entered on individual retirement records.

"(g) No deposit shall be required for any service prior to August 1, 1920, for periods of military service or for any service for the Panama Railroad Company prior to January 1, 1924.

"MANDATORY SEPARATION

"SEC. 5. (a) Except as hereinafter provided, an employee who shall have attained the age of seventy years and completed fifteen years of service shall be automatically separated from the service. Such separation shall be effective on the last day of the month in which such employee attains the age of seventy years or completes fifteen years of service if then beyond such age, and all salary shall cease from that day.

"(b) Each employing office shall notify each employee under its direction of the date of such separation from the service at least sixty days in advance thereof: *Provided*, That subsection (a) shall not take effect without the consent of the employee until sixty days after he has been so notified.

"(c) The President may, by Executive order, exempt from automatic separation under this section any employee when, in his judgment, the public interest so requires.

Exemption by
President.

Nonapplica-
bility.

"(d) The automatic separation provisions of this section shall not apply to any person named in any Act of Congress providing for the continuance of such person in the service, to any Member, to any congressional employee, to the Architect of the Capitol or any employee under the office of the Architect of the Capitol, or to any employee in the judicial branch who has been appointed to hold office for a definite term of years.

Alaska Rail-
road and
Canal Zone
employees.

"(e) In the case of an employee of The Alaska Railroad, Territory of Alaska, or an employee who is a citizen of the United States employed on the Isthmus of Panama by the Panama Canal Company or the Canal Zone Government, the provisions of this section shall apply upon his attaining the age of sixty-two years and completing fifteen years of service on the Isthmus of Panama or in the Territory of Alaska.

"IMMEDIATE RETIREMENT

"SEC. 6. (a) Any employee who attains the age of sixty years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(b) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.

"(c) Any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States, including any employee engaged in such activity who has been transferred to a supervisory or administrative position, who attains the age of fifty years and completes twenty years of service in the performance of such duties, may, if the head of his department or agency recommends his retirement and the Commission approves, voluntarily retire from the service and be paid an annuity computed as provided in section 9. The head of the department or agency and the Commission shall give full consideration to the degree of hazard to which such employee is subjected in the performance of his duties, rather than the general duties of the class of the position held by such employee. The word 'detention', as used in this subsection, shall be construed to include the duties of—

"Detention".

"(1) all employees of the Bureau of Prisons and Federal Prison Industries, Incorporated,

"(2) all employees of the Public Health Service assigned to the field service of the Bureau of Prisons or to the field service of Federal Prison Industries, Incorporated,

"(3) all civilian employees employed in the field services at Army or Navy disciplinary barracks or at confinement and rehabilitation facilities operated by any of the United States armed services, and

"(4) all employees of the Department of Corrections of the District of Columbia, its industries and utilities,

whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States or of the District of Columbia or offenses against the punitive articles of the Uniform Code of Military Justice require frequent (as determined by the appropriate administrative authority with the concurrence of the Commission) direct contact with such persons in the detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation of such persons.

"(d) Any employee who completes twenty-five years of service or who attains the age of fifty years and completes twenty years of service shall upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.

"(e) Any employee who attains the age of sixty-two years and completes five years of service, shall, upon separation from the service, be paid an annuity computed as provided in section 9.

"(f) Any Member who attains the age of sixty-two years and completes five years of Member service, or who attains the age of sixty years and completes ten years of Member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. Any Member who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9. Any Member who completes twenty-five years of service, or who attains the age of fifty years and completes twenty years of service, shall, upon separation from the service (other than separation by resignation or expulsion), be paid a reduced annuity computed as provided in section 9. No Member or survivor of a Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of Member service.

"DISABILITY RETIREMENT

"SEC. 7. (a) Any employee who completes five years of civilian service and who is found by the Commission to have become disabled shall, upon his own application or upon application by his department or agency, be retired on an annuity computed as provided in section 9. Any Member who completes five years of Member service and who is found by the Commission to have become disabled shall, upon his own application, be retired on an annuity computed as provided in section 9.

"(b) No claim shall be allowed under this section unless the application is filed with the Commission prior to separation of the employee or Member from the service or within one year thereafter. This time limitation may be waived by the Commission for an individual who at the date of separation from service or within one year thereafter is mentally incompetent, if the application is filed with the Commission within one year from the date of restoration of such individual to competency or the appointment of a fiduciary, whichever is the earlier.

"(c) Each annuitant retired under this section or under section 6 of the Act of May 29, 1930, as amended, unless his disability is permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Commission. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

5 USC 710.

"(d) If such annuitant, before reaching age sixty, recovers from his disability or is restored to an earning capacity fairly comparable to the current rate of compensation of the position occupied at the time of retirement, payment of the annuity shall cease (1) upon reemployment by the Government, (2) one year from the date of the medical examination showing such recovery, or (3) one year from the date of determination that he is so restored, whichever is earliest.

Recovery from disability.

Earning capacity shall be deemed restored if in each of two succeeding calendar years the income of the annuitant from wages or self-employment or both shall equal at least 80 per centum of the current rate of compensation of the position occupied immediately prior to retirement.

Involuntary
separation.

"(e) If such annuitant whose annuity is discontinued under subsection (d) is not reemployed in any position included in the provisions of this Act, he shall be considered, except for service credit, as having been involuntarily separated from the service for the purposes of this Act as of the date of discontinuance of the disability annuity and shall, after such discontinuance, be entitled to annuity in accordance with the applicable provision of this Act.

39 Stat. 742.
5 USC 751
et seq.

"(f) No person shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision in such Act of September 7, 1916, as amended, shall deny to any person an annuity accruing to such person under this Act on account of service rendered by him, or deny any concurrent benefit to such person under such Act of September 7, 1916, as amended, on account of the death of any other person.

5 USC 764.

"(g) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Department of Labor, shall be refunded to the Department of Labor, to be covered into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to such Department the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Department of Labor shall determine, whenever it finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

"DEFERRED RETIREMENT

"SEC. 8. (a) Any employee who is separated from the service or transferred to a position not within the purview of this Act after completing five years of civilian service may be paid an annuity beginning at the age of sixty-two years computed as provided in section 9.

"(b) Any Member who on or after January 1, 1956, has been or is separated from the service as a Member after completing five years of Member service may hereafter be paid an annuity beginning at the age of sixty-two years, computed as provided in section 9. Any Member who is separated from the service after completing ten or more years of Member service may be paid an annuity beginning at the age of sixty years, computed as provided in section 9.

"COMPUTATION OF ANNUITY

"SEC. 9. (a) Except as otherwise provided in this section, the annuity of an employee retiring under this Act shall be (1) the larger of (A) $1\frac{1}{2}$ per centum of the average salary multiplied by so much of the total service as does not exceed five years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as does not exceed five years, plus (2) the larger of (A) $1\frac{3}{4}$ per centum of the average salary multiplied by so much of the total service as exceeds five years but does not exceed ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds five years but does not exceed ten years, plus (3) the larger of (A) 2 per centum of the average salary multiplied by so much of the total service as exceeds ten years, or (B) 1 per centum of the average salary, plus \$25, multiplied by so much of the total service as exceeds ten years: *Provided*, That the annuity shall not exceed 80 per centum of the average salary: *Provided further*, That the annuity of an employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his total service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this proviso shall not increase the annuity of any survivor.

"(b) The annuity of a congressional employee retiring under this Act shall, if he so elects at the time his annuity commences, be (1) $2\frac{1}{2}$ per centum of the average salary multiplied by his military service and service as a congressional employee, not exceeding a total of fifteen years, plus (2) $1\frac{1}{2}$ per centum of the average salary multiplied by so much of the remainder of his total service as does not exceed five years, plus (3) $1\frac{3}{4}$ per centum of the average salary multiplied by so much of the remainder of his total service as exceeds five years but does not exceed ten years, plus (4) 2 per centum of the average salary multiplied by so much of the remainder of his total service as exceeds ten years: *Provided*, That the annuity shall not exceed 80 per centum of the average salary. This subsection shall not apply unless the congressional employee (1) has had at least five years' service as a congressional employee, (2) has had deductions withheld from his salary or made deposit covering his last five years of civilian service, and (3) has served as a congressional employee during the last eleven months of his civilian service: *Provided further*, That the annuity of a congressional employee retiring under section 7 shall be at least (1) 40 per centum of the average salary or (2) the sum obtained under this subsection after increasing his service as a congressional employee by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

Congressional
employee.

"(c) The annuity of a Member retiring under this Act shall be an amount equal to—

Member.

"(1) $2\frac{1}{2}$ per centum of the average salary multiplied by the total of his Member and creditable military service;

"(2) $2\frac{1}{2}$ per centum of the average salary multiplied by his total years of service, not exceeding fifteen, performed as a congressional employee prior to his separation from service as a Member, other than any such service which he may elect to exclude;

"(3) $1\frac{1}{2}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as does not exceed five years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude;

"(4) $1\frac{3}{4}$ per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds five years but does not exceed ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude; and

"(5) 2 per centum of such average salary multiplied by so much of his total service, other than service used in computing annuity under clauses (1) and (2), as exceeds ten years, performed prior to his separation from service as a Member, and other than any such service which he may elect to exclude.

Limitations. In no case shall an annuity computed under this subsection exceed 80 per centum of the basic salary that he is receiving at the time of such separation from the service, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (b) or 6 (d) or a Member retiring under the second or third sentence of section 6 (f), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee or Member is under the age of sixty years at date of separation.

"(e) The annuity of an employee retiring under section 6 (c) shall be 2 per centum of the average salary multiplied by the total service: *Provided*, That the annuity shall not exceed 80 per centum of the average salary.

Reduced
annuities.
Ante, p.748.

"(f) The annuity as hereinbefore provided shall be reduced by 10 per centum of any deposit described in section 4 (c) remaining unpaid, unless the employee or Member shall elect to eliminate the service involved for purposes of annuity computation.

"(g) Any employee or Member retiring under section 6, 7, or 8 may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing his wife or husband to receive an annuity after the retired individual's death computed as provided in section 10 (a) (1). The annuity of the employee or Member making such election, excluding any increase because of retirement under section 7, shall be reduced by $2\frac{1}{2}$ per centum of so much of the portion thereof designated under section 10 (a) (1) as does not exceed \$2,400 and by 10 per centum of so much of the portion so designated as exceeds \$2,400.

"(h) Any unmarried employee or Member retiring under section 6 or 8, and found by the Commission to be in good health, may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest in the employee or Member to receive an annuity after the retired individual's death. The annuity payable to the employee or Member making such election shall be reduced by 10 per centum of an annuity computed as provided in section 9 and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum.

"(i) The annuity as hereinbefore provided, for an employee who is a citizen of the United States, shall be increased by \$36 multiplied by total service in the employ of either the Alaska Engineering Com-

Alaskan and
Canal Zone
employees.

mission or The Alaska Railroad in the Territory of Alaska between March 12, 1914, and July 1, 1923, or in the employ of either the Isthmian Canal Commission or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

"SURVIVOR ANNUITIES

"SEC. 10. (a) (1) If a Member or employee dies after having retired under any provision of this Act and is survived by a wife or husband designated under section 9 (g) such wife or husband shall be paid an annuity equal to 50 per centum of so much of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, as is designated in writing for such purpose by such Member or employee at the time he makes the election provided for by section 9 (g). Death after retirement.

"(2) An annuity computed under this subsection shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage.

"(b) The annuity of a survivor designated under section 9 (h) shall be 50 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall begin on the first day of the month in which the retired employee or Member dies, and such annuity or any right thereto shall terminate upon the survivor's death.

"(c) If an employee dies after completing at least five years of civilian service, or a Member dies after completing at least five years of Member service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 50 per centum of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon death or remarriage of the widow or widower, or upon the widower's becoming capable of self-support. Death after 5 years of service.

"(d) If an employee dies after completing five years of civilian service or a Member dies after completing five years of Member service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall begin on the first day of the month after the employee or Member dies, and such annuity or any right thereto shall terminate upon (1) his attaining age 18 unless incapable of self-support, (2) his becoming capable of self-support after age 18, (3) his marriage, or (4) his death. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.

"(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to one-half of the deferred annuity of such Member beginning the first day of the month following the death of such Member and terminating upon the death or remarriage of such surviving wife or husband or (2) may elect to receive a lump-sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

"LUMP-SUM BENEFITS

"SEC. 11. (a) Any employee or Member who is separated from the service, or is transferred to a position wherein he does not continue subject to this Act, shall be paid the lump-sum credit provided his separation or transfer occurs and application for payment is filed with the Commission at least thirty-one days before the earliest commencing date of any annuity for which he is eligible. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act. This subsection shall also apply to any employee or Member separated prior to the effective date of the Civil Service Retirement Act Amendments of 1956 after completing at least twenty years of civilian service.

Designation
of benefi-
ciary.

Precedence
of payment.

"(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

"(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person:

"First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death:

"Second, if there be no such beneficiary, to the widow or widower of the employee or Member:

"Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation;

"Fourth, if none of the above, to the parents of the employee or Member or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member;

"Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

"(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

"(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

"(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

"(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

"First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

"ADDITIONAL ANNUITIES

"SEC. 12. (a) Any employee or Member may, under regulations prescribed by the Commission, voluntarily contribute additional sums in multiples of \$25, but the total may not exceed 10 per centum of his basic salary for his creditable service from and after August 1, 1920. The voluntary contribution account in each case shall be the sum of such unrefunded contributions, plus interest at 3 per centum per annum compounded annually to date of separation or transfer to a position not within the purview of this Act or, in case of an individual who is separated with title to a deferred annuity and does not claim the voluntary contribution account, to the commencing date fixed for such deferred annuity or date of death, whichever is earlier. Voluntary contributions.

"(b) Such voluntary contribution account shall be used to purchase at retirement an annuity in addition to the annuity otherwise provided. For each \$100 in such voluntary contribution account, the additional annuity shall consist of \$7, increased by 20 cents for each full year, if any, such employee or Member is over the age of fifty-five years at the date of retirement.

"(c) A retiring employee or Member may elect a reduced additional annuity in lieu of the additional annuity described in subsection (b) and designate in writing a person to receive after his death an annuity of 50 per centum of his reduced additional annuity. The additional annuity of the employee or Member making such election shall be reduced by 10 per centum, and by 5 per centum for each full five years the person designated is younger than the retiring employee or Member, but such total reduction shall not exceed 40 per centum. Reduced additional annuity.

"(d) Any employee or Member who is separated from the service before becoming eligible for immediate or deferred annuity or who transfers to a position wherein he does not continue subject to this Act shall be paid the voluntary contribution account. Any employee or Member who is separated from the service after becoming eligible for a deferred annuity under section 8 may elect to receive, in lieu of additional annuity, the voluntary contribution account, provided his separation occurs and application for payment is filed with the Commission at least thirty-one days before the commencing date of annuity. Separation prior to or after eligibility.

"(e) If any present or former employee or Member not retired dies, the voluntary contribution account shall be paid under the provisions of section 11 (c). If all additional annuities or any right thereto based on the voluntary contribution account of a deceased employee or Member terminate before the total additional annuity paid equals such account, the difference shall be paid under the provisions of section 11 (c). Death prior to retirement. Payment of voluntary contribution.

"REEMPLOYMENT OF ANNUITANTS

"SEC. 13. (a) Notwithstanding any other provision of law, an annuitant heretofore or hereafter retired under this Act shall not, by reason of his retired status, be barred from employment in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

"(b) If an annuitant under this Act (other than (1) a disability annuitant whose annuity is terminated by reason of his recovery or restoration of earning capacity, (2) an annuitant whose annuity was based upon an involuntary separation from the service, excluding a separation under the automatic separation provisions of this Act, or (3) a Member retired under this Act) hereafter becomes employed, or on the date of enactment of the Civil Service Retirement Act Amendments of 1956 is serving, in an appointive or elective position, his service on and after the date he was or is so employed shall be covered by this Act. No deductions for the fund shall be withheld from his salary, but there shall be deducted from his salary, except for lump-sum leave payment purposes under the Act of December 21, 1944, a sum equal to the annuity allocable to the period of actual employment, and this provision concerning the lump-sum leave payments shall also be effective in the case of each retired employee separated from reemployment after December 15, 1953, and before the effective date of the Civil Service Retirement Act Amendments of 1956: *Provided*, That if such annuitant serves on a full-time basis for at least one year in employment not excluding him under section 2 (b) from coverage, (1) his annuity upon termination of employment shall be increased by an annuity computed under subsections (a), (b), (d), (e), and (f) of section 9 as may apply based upon the period of and the basic salary (before deduction) averaged during such employment, and (2) his lump-sum credit shall not be reduced by annuity paid during such employment. The employment of an annuitant under this subsection shall not operate to create an annuity for or in any manner affect the annuity of any survivor.

Appointive or
elective po-
sitions.

"(c) If a Member heretofore or hereafter retired under this Act hereafter becomes employed in an appointive or elective position, annuity payments shall be discontinued during such employment and resumed in the same amount upon termination of such employment: *Provided*, That if such retired Member takes office as Member and gives notice as provided in section 2 (c), his service as Member during such period shall be credited in determining his right to and the amount of his subsequent annuity: *Provided further*, That this subsection shall not apply to a Member appointed by the President of the United States to a position not requiring confirmation by the Senate.

Nonapplica-
bility.

"PAYMENT OF BENEFITS

"SEC. 14. (a) Each annuity is stated as an annual amount, one-twelfth of which, fixed at the nearest dollar, accrues monthly and is payable on the first business day of the month after it accrues.

"(b) Except as otherwise provided, the annuity of an employee shall commence on the first of the month after separation from the service, or on the first of the month after salary ceases provided the employee meets the service and the age or disability requirements for title to annuity at that time. The annuity of a Member or of an elected officer of the Senate or House of Representatives shall commence on the day following the day on which salary shall cease, provided the person entitled to such annuity meets the service and the age or disability requirements for title to annuity at that time. The annuity of an

employee or Member under section 8 shall commence on the first of the month after the occurrence of the event on which payment of the annuity is based.

“(c) An annuity shall terminate on the last day of the month preceding the month in which death or any other terminating event provided in this Act occurs. Termination.

“(d) Any person entitled to annuity from the fund may decline to accept all or any part of such annuity by a waiver signed and filed with the Commission. Such waiver may be revoked in writing at any time, but no payment of the annuity waived shall be made covering the period during which such waiver was in effect. Waiver.

“(e) Where any payment is due a minor, or a person mentally incompetent or under other legal disability, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, payment may be made to any person who in the judgment of the Commission is responsible for the care of the claimant, and such payment shall be a bar to recovery by any other person. Payment to guardian.

“EXEMPTION FROM LEGAL PROCESSES

“SEC. 15. (a) None of the moneys mentioned in this Act shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

“(b) Notwithstanding any other provision of law, there shall be no recovery of any payments under this Act from any person when, in the judgment of the Commission, such person is without fault and such recovery would be contrary to equity and good conscience; nor shall there be any withholding of recovery of any moneys mentioned in this Act on account of any certification or payment made by any former employee of the United States in the discharge of his official duties unless the head of the department or agency on behalf of which the certification or payment was made certifies to the Commission that such certification or payment involved fraud on the part of such employee.

“ADMINISTRATION

“SEC. 16. (a) This Act shall be administered by the Commission. Except as otherwise specifically provided herein, the Commission is hereby authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect. Rules and regulation.

“(b) Applications under this Act shall be in such form as the Commission shall prescribe, and shall be supported by such certificates from departments or agencies as the Commission may deem necessary to the determination of the rights of applicants. The Commission shall adjudicate all claims under this Act.

“(c) Questions of dependency and disability arising under this Act shall be determined by the Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the disability or dependency of any person receiving or applying for annuity under this Act, and may suspend or deny any such annuity for failure to submit to any such examination.

"(d) An appeal to the Commission shall lie from any administrative action or order affecting the rights or interests of any person or of the United States under this Act, the procedure on appeal to be prescribed by the Commission.

Fees for examinations. "(e) Fees for examinations made under the provisions of this Act, by physicians or surgeons who are not medical officers of the United States, shall be fixed by the Commission, and such fees, together with reasonable traveling and other expenses incurred in connection with such examinations, shall be paid out of the appropriations for the cost of administering this Act.

Annual report. "(f) The Commission shall publish an annual report upon the operations of this Act and shall include in each such report a statement with respect to the status of the fund on a normal cost plus interest basis.

Actuaries. "(g) The Commission is hereby authorized and directed to select three actuaries, to be known as the Board of Actuaries of the Civil Service Retirement System. It shall be the duty of such Board to report annually upon the actuarial status of the system and to furnish its advice and opinion on matters referred to it by the Commission and it shall have the authority to recommend to the Commission and to the Congress such changes as in the Board's judgment may be deemed necessary to protect the public interest and maintain the system upon a sound financial basis. The Commission shall keep or cause to be kept such records as it deems necessary for making periodic actuarial valuations of the Civil Service Retirement System, and the Board shall make such valuations at intervals of five years, or oftener if deemed necessary by the Commission. The compensation of the members of the Board of Actuaries, exclusive of such members as are in the employ of the United States, shall be fixed by the Commission.

"CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Appropriations. "SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act.

Gifts. "(b) The Secretary of the Treasury is hereby authorized to accept and credit to the fund moneys received in the form of donations, gifts, legacies, or bequests, or otherwise contributed for the benefit of civil-service employees generally.

Investment. "(c) The Secretary of the Treasury shall immediately invest in interest-bearing securities of the United States, such currently available portions of the fund as are not immediately required for payments from the fund, and the income derived from such investments shall constitute a part of the fund.

40 Stat. 288.
31 USC 774. "(d) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the fund. Such obligations issued for purchase by the fund shall have maturities fixed with due regard for the needs of the fund and bear interest at a rate equal to the average rate of interest computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the fund only if the Secretary of the Treasury determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and

interest by the United States on original issue or at the market price, is not in the public interest.

“(e) The Commission shall submit estimates of the appropriations necessary to finance the fund on a normal cost plus interest basis and to continue this Act in full force and effect. Estimates of appropriations.

“SHORT TITLE

“SEC. 18. This Act may be cited as the ‘Civil Service Retirement Act’.”

MEMBERS OF FACULTY OF NAVAL ACADEMY

SEC. 402. (a) On and after the effective date of this title persons employed as members of the civilian faculties of the United States Naval Academy and the United States Naval Postgraduate School shall be included within the terms of the Civil Service Retirement Act, and on and after that date the Act of January 16, 1936 (49 Stat. 1092), as amended, shall not apply to such persons.

34 USC 1073-1073e-3.

(b) In lieu of the deposit prescribed by section 4 (c) of the Civil Service Retirement Act, an employee who by virtue of subsection (a) is included within the terms of such Act shall deposit, for service rendered prior to the effective date of this title as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School, a sum equal to so much of the repurchase price of his annuity policy carried as required by the Act of January 16, 1936, as amended, as is based on the monthly allotments which were registered with the Navy Allotment Office toward the purchase of that annuity, the deposit to be made within six months after the effective date of this title. Should the deposit not be made within that period no credit shall be allowed under the Civil Service Retirement Act for service rendered as a member of the civilian faculty of the United States Naval Academy or of the United States Naval Postgraduate School subsequent to July 31, 1920, and prior to the effective date of this title. If the deposit is made, such service shall be held and considered to be service during which the employee was subject to the Civil Service Retirement Act.

Ante, p. 748.

CONTINUATION OF PRIOR RIGHTS

SEC. 403. Except as otherwise provided, the amendments made by this title shall not apply in the case of employees or Members retired or otherwise separated prior to its effective date, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted. In the case of any Member heretofore separated with title to an annuity under the Act of May 29, 1930, as amended, the annuity of such Member and of any survivor of such Member shall be computed, and shall be paid only from and after the effective date of this title, as if the Act of August 11, 1955 (69 Stat. 692), had been in effect on the date of the separation of such Member.

5 USC 691 note.

5 USC 693-1, 736c.

VICE PRESIDENT

SEC. 404. In the case of any person holding the office of Vice President on the effective date of this title, service performed in such office shall be considered service during which he was subject to the Civil Service Retirement Act for the purpose of section 3 (g) thereof.

Ante, p. 745.

FORFEITURE OF ANNUITIES OF PERSONS REMAINING OUTSIDE UNITED STATES
TO AVOID PROSECUTION

5 USC 740b-
7401; 18 USC
3282.

SEC. 405. The Act entitled "An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (68 Stat. 1142), is amended by adding at the end of section 2 thereof a new subsection as follows:

"(c) In any case in which, after the date of enactment of this subsection, any person under indictment for any offense within the purview of the first section of this Act willfully remains outside the United States, its Territories, and possessions, for a period in excess of one year with knowledge of such indictment, no annuity or retired pay shall be paid, for any period subsequent to the end of such one-year period to such person or to the survivor or beneficiary of such person, on the basis of the service of such person, as an officer or employee of the Government unless and until a nolle prosequi to the entire indictment is entered upon the record or such person returns and thereafter the indictment is dismissed or after trial by court the accused is found not guilty of the offense or offenses charged in the indictment."

EFFECTIVE DATE

SEC. 406. This title shall take effect on the first day of the first month which begins more than sixty days after the date of enactment of this Act.

SHORT TITLE

SEC. 407. This title may be cited as the "Civil Service Retirement Act Amendments of 1956."

TITLE V—ADDITIONAL SCIENTIFIC AND
PROFESSIONAL POSITIONS

5 USC 171p
and note.

SEC. 501. (a) Subsections (a) and (b) of the first section of the Act of August 1, 1947 (61 Stat. 715; Public Law 313, Eightieth Congress), as amended, are amended to read as follows: "(a) the Secretary of Defense is authorized to establish and fix the compensation for not more than one hundred and twenty positions in the Department of Defense and not more than twenty-five positions in the National Security Agency, each such position being established to effectuate those research and development functions, relating to the national defense, military and naval medicine, and any and all other activities of the Department of Defense and the National Security Agency, as the case may be, which require the services of specially qualified scientific or professional personnel.

"(b) The Chairman of the National Advisory Committee for Aeronautics is authorized to establish and fix the compensation for, in the headquarters and research stations of the National Advisory Committee for Aeronautics, not to exceed thirty positions in the professional and scientific service, each such position being established in order to enable the National Advisory Committee for Aeronautics to secure and retain the services of specially qualified personnel necessary in the discharge of the duty of the Committee to supervise and direct the scientific study of the problems of flight with a view to their practical solution."

(b) Nothing contained in the amendment made to such Act of August 1, 1947, by subsection (a) of this section shall affect any position existing under authority of subsection (a) of the first section of such Act of August 1, 1947, as in effect immediately prior to the effective date of such amendment, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is taken under authority of subsection (a) of such first section of such Act of August 1, 1947, as contained in the amendment made by subsection (a) of this section.

SEC. 502. Section 505 (b) of the Classification Act of 1949, as amended (69 Stat. 179; 5 U. S. C., sec. 1105), is amended to read as follows:

“(b) Subject to subsections (c), (d), and (e) of this section, a majority of the Civil Service Commissioners are authorized to establish and, from time to time, revise the maximum numbers of positions (not to exceed twelve hundred and twenty-six) which may be in grades 16, 17, and 18 of the General Schedule at any one time, except that under such authority such maximum number of positions shall not exceed three hundred and twenty-nine for grade 17 and one hundred and thirty for grade 18.”

GS-16, 17, 18.
Maximum numbers.

SEC. 503. (a) The United States Civil Service Commission, the Librarian of Congress, the Comptroller General of the United States, and the Director of the Federal Bureau of Investigation of the Department of Justice, respectively, with respect to those positions within the purview of subsections (b), (c), (d), and (e), respectively, of section 505 of the Classification Act of 1949, as amended, and the appropriate authority, with respect to those positions under jurisdiction of such authority which are allocated to or placed in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949, as amended (including such positions so allocated or placed on a temporary or present incumbency basis), under any provision of law (including any reorganization plan) other than the above-specified subsections, which is in effect on or after the date of enactment of this subsection, shall submit, so long as such provision of law or reorganization plan remains in effect, to the Congress, not later than February 1 of each year, a report which sets forth—

Report to
Congress.

(1) the total number of such positions allocated to or placed in all of such grades during the immediately preceding calendar year, the total number of such positions allocated to or placed in each of such grades during such immediately preceding calendar year, and the total number of such positions in existence during such immediately preceding calendar year and the grades to or in which such total number of positions in existence are allocated or placed,

(2) the name, rate of compensation, and description of the qualifications of each incumbent of each such position, together with the position title and a statement of the duties and responsibilities performed by each such incumbent,

(3) the position or positions in or outside the Federal Government held by each such incumbent, and his rate or rates of compensation, during the five-year period immediately preceding the date of appointment of each such incumbent to such position, and

(4) such other information as the Commission, officer, or other appropriate authority submitting such report may deem appropriate or which may be required by the Congress or a committee thereof.

Nothing contained in this subsection shall require the resubmission of any information required under paragraphs (2) and (3) of this subsection which has been reported pursuant to this subsection and which remains unchanged.

(b) In any instance in which the Commission, officer, or other appropriate authority so required to submit such report may find full public disclosure of any or all of the above-specified items to be detrimental to the national security, such Commission, officer, or authority is authorized—

(1) to omit in such annual report those items with respect to which full public disclosure is found to be detrimental to the national security,

(2) to inform the Congress of such omission, and

(3) at the request of any congressional committee to which such report is referred, to present all information concerning such items.

Approved July 31, 1956, 5:10 p. m.

Calendar No. 1813

84TH CONGRESS
2D SESSION

S. 2875

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 2875) to revise the Civil Service Retirement Act, viz:

1 On page 41, line 14, strike out "employee" and insert
2 in lieu thereof "employee".

3 On page 42, line 4, strike out "military pay,".

4 On page 42, line 6, after "*Provided, That*" insert the
5 following: "the term 'basic salary' shall not include military
6 pay for persons who enter upon active military service after
7 the effective date of this Act: *And provided further, That*".

8 On page 44, line 20, strike out "srevice" and insert
9 in lieu thereof "service".

10 On page 45, line 13, after the word "as" insert "a".

1 On page 46, lines 20 and 21, strike out “, of the Office
2 of the Architect of the Capitol, or of the Library of Con-
3 gress” and insert in lieu thereof “; and the Architect of the
4 Capitol and the Librarian of Congress are authorized to
5 exclude from the operation of this Act any employees under
6 the Office of the Architect of the Capitol and the Library
7 of Congress, respectively, whose tenure of employment is
8 temporary or of uncertain duration”.

9 On page 47, line 7, after “employee” insert “or
10 Member”.

11 On page 47, line 9, after “employee” insert “or
12 Member”.

13 On page 47, line 16, strike out “. A Member” and in-
14 sert in lieu thereof “, except that for purposes of section 9
15 (c) (1), a Member (1)”.

16 On page 47, line 17, after the word “credit” insert the
17 word “only”.

18 On page 47, line 22, strike out the period at the end
19 of the line and insert “and (2)”.

20 On page 47, line 23, strike out “A Member”.

21 On page 48, line 1, strike out “member” and insert in
22 lieu thereof “Member”.

23 On page 49, line 10, after the word “as” insert “a”.

24 On page 52, line 25, after “employee,” insert the follow-

1 ing: "to the Architect of the Capitol or any employee under
2 the Office of the Architect of the Capitol,".

3 On page 53, line 7, after "Canal" insert "Company"
4 and in lines 7 and 8 strike out "Panama Railroad Company"
5 and insert in lieu thereof "Canal Zone Government".

6 On page 55, line 2, after "Member" insert "or survivor
7 of a Member".

8 On page 55, line 23, strike out "wthin" and insert in
9 lieu thereof "within".

10 On page 57, line 17, strike out the semicolon and insert
11 in lieu thereof a comma.

12 On page 58, lines 24 and 25, strike out "or transferred
13 to a position not within the purview of this Act" and insert
14 in lieu thereof "as a Member".

15 On page 59, lines 3 and 4, strike out "or transferred to a
16 position not within the purview of this Act" and insert in lieu
17 thereof "as a Member".

18 On page 60, line 9, strike out "such" and insert in lieu
19 thereof "his".

20 On page 60, line 11, strike out "such" and insert in lieu
21 thereof "his".

22 On page 63, line 5, after "election," insert the following:
23 "excluding any increase because of retirement under sec-
24 tion 7,".

1 On page 68, lines 3 and 4, strike out "a present or
2 former employee or Member not retired" and insert in lieu
3 thereof "an employee or Member".

4 On page 68, line 6, after "filed," insert the following:
5 "or if a former employee or Member not retired dies,".

6 On page 71, line 15, strike out "list" and insert in
7 lieu thereof "record".

8 On page 71, line 17, strike out "list" and insert in lieu
9 thereof "record".

10 On page 76, line 16, after "annuitant" insert "heretofore
11 or hereafter retired".

12 On page 76, line 23, strike out ", is" and insert in
13 lieu thereof "() hereafter becomes".

14 On page 77, line 11, after the period insert the follow-
15 ing: "If an annuitant under this Act (other than (1) a
16 disability annuitant whose annuity is terminated by reason
17 of his recovery or restoration of earning capacity, or (2)
18 a Member retired under this Act) hereafter becomes em-
19 ployed in an appointive or elective position not subject to
20 this Act, annuity payments shall be discontinued during
21 such reemployment and resumed in the same amount upon
22 termination of such employment."

23 On page 77, line 12, after "Member" insert "hereto-
24 fore or hereafter".

1 On page 77, line 12, strike out “is” and insert in lieu
2 thereof “hereafter becomes”.

3 On page 84, line 4, after the period insert the following:
4 “If the deposit is made, such service shall be held and
5 considered to be service during which the employee was
6 subject to this Act.”

AMENDMENTS

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 2875) to revise the Civil Service Retirement Act.

MAY 18 (legislative day, MAY 7), 1956
Ordered to lie on the table and to be printed

Calendar No. 1813

84TH CONGRESS
2D SESSION

S. 2875

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 2875) to revise the Civil Service Retirement Act, viz:

1 On page 41, line 14, strike out "employe" and insert
2 in lieu thereof "employee".

3 On page 42, line 4, strike out "military pay,".

4 On page 42, line 6, after "*Provided, That*" insert the
5 following: "the term 'basic salary' shall not include military
6 pay for persons who enter upon active military service after
7 the effective date of this Act: *And provided further, That*".

8 On page 44, line 20, strike out "srevice" and insert
9 in lieu thereof "service".

10 On page 45, line 13, after the word "as" insert "a".

1 On page 46, lines 20 and 21, strike out “, of the Office
2 of the Architect of the Capitol, or of the Library of Con-
3 gress” and insert in lieu thereof “; and the Architect of the
4 Capitol and the Librarian of Congress are authorized to
5 exclude from the operation of this Act any employees under
6 the Office of the Architect of the Capitol and the Library
7 of Congress, respectively, whose tenure of employment is
8 temporary or of uncertain duration”.

9 On page 47, line 7, after “employee” insert “or
10 Member”.

11 On page 47, line 9, after “employee” insert “or
12 Member”.

13 On page 47, line 16, strike out “. A Member” and in-
14 sert in lieu thereof “, except that for purposes of section 9
15 (c) (1), a Member (1)”.

16 On page 47, line 17, after the word “credit” insert the
17 word “only”.

18 On page 47, line 22, strike out the period at the end
19 of the line and insert “and (2)”.

20 On page 47, line 23, strike out “A Member”.

21 On page 48, line 1, strike out “member” and insert in
22 lieu thereof “Member”.

23 On page 49, line 10, after the word “as” insert “a”.

24 On page 52, line 25, after “employee,” insert the follow-

1 ing: "to the Architect of the Capitol or any employee under
2 the Office of the Architect of the Capitol,".

3 On page 53, line 7, after "Canal" insert "Company"
4 and in lines 7 and 8 strike out "Panama Railroad Company"
5 and insert in lieu thereof "Canal Zone Government".

6 On page 55, line 2, after "Member" insert "or survivor
7 of a Member".

8 On page 55, line 23, strike out "wthin" and insert in
9 lieu thereof "within".

10 On page 57, line 17, strike out the semicolon and insert
11 in lieu thereof a comma.

12 On page 58, lines 24 and 25, strike out "or transferred
13 to a position not within the purview of this Act" and insert
14 in lieu thereof "as a Member".

15 On page 59, lines 3 and 4, strike out "or transferred to a
16 position not within the purview of this Act" and insert in lieu
17 thereof "as a Member".

18 On page 60, line 9, strike out "such" and insert in lieu
19 thereof "his".

20 On page 60, line 11, strike out "such" and insert in lieu
21 thereof "his".

22 On page 63, line 5, after "election," insert the following:
23 "excluding any increase because of retirement under sec-
24 tion 7,".

1 On page 68, lines 3 and 4, strike out “a present or
2 former employee or Member not retired” and insert in lieu
3 thereof “an employee or Member”.

4 On page 68, line 6, after “filed,” insert the following:
5 “or if a former employee or Member not retired dies,”.

6 On page 71, line 15, strike out “list” and insert in
7 lieu thereof “record”.

8 On page 71, line 17, strike out “list” and insert in lieu
9 thereof “record”.

10 On page 76, line 16, after “annuitant” insert “heretofore
11 or hereafter retired”.

12 On page 76, line 23, strike out “, is” and insert in
13 lieu thereof “) hereafter becomes”.

14 On page 77, line 11, after the period insert the follow-
15 ing: “If an annuitant under this Act (other than (1) a
16 disability annuitant whose annuity is terminated by reason
17 of his recovery or restoration of earning capacity, or (2)
18 a Member retired under this Act) hereafter becomes em-
19 ployed in an appointive or elective position not subject to
20 this Act, annuity payments shall be discontinued during
21 such reemployment and resumed in the same amount upon
22 termination of such employment.”

23 On page 77, line 12, after “Member” insert “hereto-
24 fore or hereafter”.

1 On page 77, line 12, strike out “is” and insert in lieu
2 thereof “hereafter becomes”.

3 On page 84, line 4, after the period insert the following:
4 “If the deposit is made, such service shall be held and
5 considered to be service during which the employee was
6 subject to this Act.”

84TH CONGRESS
2D SESSION

S. 2875

AMENDMENTS

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84TH CONGRESS
2D SESSION

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IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (S. 2875) to revise the Civil Service Retirement Act, viz:

- 1 On page 65, beginning with line 24, strike out all through
2 line 15 on page 66 and insert in lieu thereof the following:
- 3 (d) If an employee dies after completing five years of
4 civilian service or a Member dies after completing five years
5 of Member service, or an employee or a Member dies after
6 having retired under any provision of the Act, and is sur-
7 vived by a wife or by a husband who is incapable of self-
8 support by reason of mental or physical disability and who
9 received more than one-half of his support from such em-
10 ployee or Member, each surviving child shall be paid an

1 annuity equal to the smallest of (1) 40 per centum of the
2 employer's or Member's average salary divided by the num-
3 ber of children, (2) \$600, or (3) \$1,800 divided by the
4 number of children. If such employee or Member is not sur-
5 vived by a wife or husband, each surviving child shall be
6 paid an annuity equal to the smallest of (1) 50 per centum
7 of the employee's or Member's average salary divided by the
8 number of children, (2) \$720, or (3) \$2,160 divided by the
9 number of children. The child's annuity shall begin on the
10 first day of the month after the employee or Member dies,
11 and such annuity or any right thereto shall terminate upon
12 (1) his attaining age 18 unless incapable of self-support, (2)
13 his becoming capable of self-support after age 18, (3) his
14 marriage, or (4) his death. Upon the death of the wife or
15 dependent husband or termination of the annuity of the child,
16 the annuity of any other child or children shall be recom-
17 puted and paid as though such wife, dependent husband, or
18 child had not survived the employee or Member.

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4 civilian service or a Member dies after completing five years
5 of Member service, or an employee or a Member dies after
6 having retired under any provision of the Act, and is sur-
7 vived by a wife or by a husband who is incapable of self-
8 support by reason of mental or physical disability and who
9 received more than one-half of his support from such em-
10 ployee or Member, each surviving child shall be paid an

1 annuity equal to the smallest of (1) 40 per centum of the
2 employer's or Member's average salary divided by the num-
3 ber of children, (2) \$600, or (3) \$1,800 divided by the
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10 first day of the month after the employee or Member dies,
11 and such annuity or any right thereto shall terminate upon
12 (1) his attaining age 18 unless incapable of self-support, (2)
13 his becoming capable of self-support after age 18, (3) his
14 marriage, or (4) his death. Upon the death of the wife or
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16 the annuity of any other child or children shall be recom-
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18 child had not survived the employee or Member.

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84TH CONGRESS
2D SESSION

S. 2875

IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. KNOWLAND to the bill (S. 2875)
to revise the Civil Service Retirement Act, viz:

1 On pages 59 to 62, amend subsections (a), (b), and
2 (c) of section 9 to read as follows:

3 "SEC. 9. (a) Except as otherwise provided in this sec-
4 tion, the annuity of an employee retiring under this Act shall
5 be the larger of (1) $1\frac{3}{4}$ per centum of the average salary
6 multiplied by the total service, or (2) 1 per centum
7 of the average salary, plus \$25, multiplied by the total
8 service: *Provided*, That the annuity shall not exceed
9 80 per centum of the average salary: *Provided further*,
10 That the annuity of an employee retiring under section
11 7 shall be at least (1) 40 per centum of the aver-

1 age salary, or (2) the sum obtained under this subsection
2 after increasing his total service by the period elapsing be-
3 tween the date of separation and the date he attains the age
4 of sixty years, whichever is the lesser, but this proviso shall
5 not increase the annuity of any survivor.

6 “(b) The annuity of a congressional employee retiring
7 under this Act shall, if he so elects at the time his annuity
8 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
9 multiplied by his military service and service as a congres-
10 sional employee, not exceeding a total of fifteen years, plus
11 (2) $1\frac{3}{4}$ per centum of the average salary multiplied by the
12 remainder of his total service: *Provided*, That the annuity
13 shall not exceed 80 per centum of the average salary. This
14 subsection shall not apply unless the congressional employee
15 (1) has had at least five years’ service as a congressional
16 employee (2) has had deductions withheld from his salary
17 or made deposit covering his last five years of civilian service,
18 and (3) has served as a congressional employee during the
19 last eleven months of his civilian service: *Provided further*,
20 That the annuity of a congressional employee retiring under
21 section 7 shall be at least (1) 40 per centum of the average
22 salary or (2) the sum obtained under this subsection after
23 increasing his service as a congressional employee by the
24 period elapsing between the date of separation and the date

1 he attains the age of sixty years, whichever is the lesser, but
2 this provision shall not increase the annuity of any survivor.

3 “(c) The annuity of a Member retiring under this Act
4 shall be an amount equal to—

5 “(1) $2\frac{1}{2}$ per centum of the average salary multi-
6 plied by the total of his Member and creditable military
7 service;

8 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
9 plied by his total years of service, not exceeding fifteen,
10 performed as a congressional employee prior to his
11 separation from service as a Member, other than any
12 such service which he may elect to exclude;

13 “(3) $1\frac{3}{4}$ per centum of the average salary multi-
14 plied by his total service, other than service used in
15 computing annuity under clauses (1) and (2), per-
16 formed prior to his separation from service as a Mem-
17 ber, and other than any such service which he may
18 elect to exclude.

19 In no case shall an annuity computed under this subsection
20 exceed 80 per centum of the basic salary that he is receiving
21 at the time of such separation from the service, and in no
22 case shall the annuity of a Member retiring under section 7
23 be less than (A) 40 per centum of the average salary or
24 (B) the sum obtained under this subsection after increasing
25 his Member service by the period elapsing between the date

- 1 of separation and the date he attains the age of sixty years,
- 2 whichever is the lesser, but this provision shall not increase
- 3 the annuity of any survivor."

AMENDMENT

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1 In section 9 (f) on page 63, strike out the words "10
2 per centum of so much thereof as exceeds \$2,400." and
3 insert in lieu thereof the following "5 per centum of so
4 much thereof as does not exceed \$1,500, plus 10 per centum
5 of the balance of such annuity."

6 Strike out all of section 10 (a), page 64, and insert
7 in lieu thereof the following:

8 "SEC. 10. (a) If a Member or employee dies after
9 having retired under any provision of this Act and is sur-
10 vived by a wife or husband designated under section 9 (f),
11 such wife or husband shall be paid an annuity equal to 50

1 per centum of the annuity computed as provided in sub-
2 sections (a), (b), (c), (d), and (e) of section 9 as may
3 apply with respect to the annuitant."

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2 (c) of section 9 to read as follows:
- 3 “SEC. 9. (a) Except as otherwise provided in this sec-
4 tion, the annuity of an employee retiring under this Act shall
5 be the larger of (1) $1\frac{3}{4}$ per centum of the average salary
6 multiplied by the total service, or (2) 1 per centum
7 of the average salary, plus \$25, multiplied by the total
8 service: *Provided*, That the annuity shall not exceed
9 80 per centum of the average salary: *Provided further*,
10 That the annuity of an employee retiring under section
11 7 shall be at least (1) 40 per centum of the aver-

1 age salary, or (2) the sum obtained under this subsection
2 after increasing his total service by the period elapsing be-
3 tween the date of separation and the date he attains the age
4 of sixty years, whichever is the lesser, but this proviso shall
5 not increase the annuity of any survivor.

6 “(b) The annuity of a congressional employee retiring
7 under this Act shall, if he so elects at the time his annuity
8 commences, be (1) $2\frac{1}{2}$ per centum of the average salary
9 multiplied by his military service and service as a congress-
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11 (2) $1\frac{3}{4}$ per centum of the average salary multiplied by the
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15 (1) has had at least five years’ service as a congressional
16 employee (2) has had deductions withheld from his salary
17 or made deposit covering his last five years of civilian service,
18 and (3) has served as a congressional employee during the
19 last eleven months of his civilian service: *Provided further*,
20 That the annuity of a congressional employee retiring under
21 section 7 shall be at least (1) 40 per centum of the average
22 salary or (2) the sum obtained under this subsection after
23 increasing his service as a congressional employee by the
24 period elapsing between the date of separation and the date

1 he attains the age of sixty years, whichever is the lesser, but
2 this provision shall not increase the annuity of any survivor.

3 “(c) The annuity of a Member retiring under this Act
4 shall be an amount equal to—

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6 plied by the total of his Member and creditable military
7 service;

8 “(2) $2\frac{1}{2}$ per centum of the average salary multi-
9 plied by his total years of service, not exceeding fifteen,
10 performed as a congressional employee prior to his
11 separation from service as a Member, other than any
12 such service which he may elect to exclude;

13 “(3) $1\frac{3}{4}$ per centum of the average salary multi-
14 plied by his total service, other than service used in
15 computing annuity under clauses (1) and (2), per-
16 formed prior to his separation from service as a Mem-
17 ber, and other than any such service which he may
18 elect to exclude.

19 In no case shall an annuity computed under this subsection
20 exceed 80 per centum of the basic salary that he is receiving
21 at the time of such separation from the service, and in no
22 case shall the annuity of a Member retiring under section 7
23 be less than (A) 40 per centum of the average salary or
24 (B) the sum obtained under this subsection after increasing
25 his Member service by the period elapsing between the date

1 of separation and the date he attains the age of sixty years,
 2 whichever is the lesser, but this provision shall not increase
 3 the annuity of any survivor."

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